



# BOARD OF DIRECTORS

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*California Housing Finance Agency  
Board of Directors*

January 17, 2017

California State Teachers' Retirement System (CalSTRS)  
100 Waterfront Place  
(Boardroom located in Lobby)  
West Sacramento, CA  
(916) 414-5911

10:00 a.m.

1. Roll Call.
2. Approval of the minutes of the November 7, 2016 Board of Directors meeting.....1
3. Chairman/Executive Director comments.
4. Report on Housing Community Development 2025 Statewide Housing  
Assessment – Public Draft. (Ben Metcalf, Lisa Bates).....5
5. Update on HUD Section 811 Program. (Tony Sertich, Janet Louie).....7
6. Closed session under Government Code Section 11126(a)(1) to evaluate the performance of  
a public employee.
7. Discussion and possible action to adjust the salary of the Executive Director.  
(Michael Gunning)  
**Resolution No. 17-03** .....11
8. Discussion and possible action to adjust the salary of the Director of Multifamily  
Programs (Michael Gunning)  
**Resolution No. 17-04** .....15
9. Discussion and possible action setting a general salary increase for key exempt management  
staff. (Michael Gunning, Don Cavier)  
**Resolution No. 17-01** .....19

(OVER)

10.	Discussion and possible action authorizing a contract with an outside advisor to assist the Executive Evaluation Committee in setting the salary range and compensation for the position of Enterprise Risk Manager and review of the structure and level of Agency compensation of key exempt management staff. (Michael Gunning, Don Cavier)	
	<b>Resolution No. 17-02</b>	<b>33</b>
11.	Reports:	
	A. Homeownership Loan Portfolio update.	<b>51</b>
	B. Multifamily Conduit Issuance Program update.	<b>61</b>
	C. Annual Investment Report.	<b>63</b>
	D. Legislative Update.	<b>71</b>
12.	Discussion of other Board matters.	
13.	Public testimony: Discussion only of other matters to be brought to the Board's attention.	
14.	Adjournment	
15.	Handouts	

## **NOTES\*\***

**PARKING: Public parking at CalSTRS: 1) Parking structure (\$1 per 20 minutes, \$15 maximum);  
2) Minimal street parking available via meter ranging from 90 minutes to 2 hours.**

**REFRESHMENTS: Available at Waterfront Café in CalSTRS. No food is allowed in Boardroom.**

**FUTURE MEETING DATE: Next CalHFA Board of Directors Meeting will be March 14, 2017, at the California Department of Consumer Affairs (DCA), 1747 North Market Blvd., Hearing Room (HQ2-#186), Sacramento, California.**

## MINUTES

### **California Housing Finance Agency (CalHFA)**

#### **Board Meeting**

**November 7, 2016**

Meeting noticed on October 27, 2016

#### 1. ROLL CALL

The California Housing Finance Agency Board meeting was called to order at 10:06 a.m. by Chair Falk. A quorum of members was present.

MEMBERS PRESENT: Schaefer (for Chiang), Gallagher, Gunn (for Imbasciani), Gunning, Hunter, Johnson-Hall, Metcalf, Prince, Williams (for Podesta), Russell, Falk, Ortega (for Cohen), Boatman Patterson.

MEMBERS ABSENT: Avila Farias, Alex, Sotelo.

STAFF PRESENT: Victor James, Pamela Hodgson, Lori Hamahashi, Tony Sertich, James Morgan, Ruth Vakili, Tim Hsu

#### 2. APPROVAL OF MINUTES – July 13, 2016

The motion made by Russell to adopt the meeting minutes were approved. The votes were as follows:

AYES: Schaefer (for Chiang), Gallagher, Imbasciani, Gunning, Metcalf, Hunter, Gunning, Russell, Falk

NOES: None.

ABSTAIN: Johnson-Hall, Prince, Williams (for Podesta).

ABSENT: Avila Farias, Sotelo.

#### 3. APPROVAL OF MINUTES – September 14, 2016

The motion made by Hunter to adopt the meeting minutes were approved. The votes were as follows:

AYES: Schaefer (for Chiang), Gallagher, Imbasciani, Gunning, Hunter, Gunning, Prince, Williams (for Podesta), Russell, Falk.

NOES: None.

ABSTAIN: Johnson-Hall, Metcalf, Russell.

ABSENT: Avila Farias, Sotello.

#### 4. CHAIRMAN/EXECUTIVE DIRECTOR COMMENTS

The Executive Director reported on the following:

- 1) NCSHA Board members training and conference was attended by Russell, Johnson-Hall, Prince and Gunn in September.
- 2) Since July/September, multifamily programs legislative changes aligned occupancy standards with other state housing programs and modernizing multifamily lending statutes.
- 3) Election of Johnson-Hall to NCSHA Board of Directors at September training.

#### 5. REPORT OF THE CHAIR OF THE AUDIT COMMITTEE

The Audit Committee Chair Gunning reported on the meeting of the Audit Committee which took place this morning at 9:00 a.m. Schaefer, present. Sotelo, absent.

#### 6. INFORMATIONAL WORKSHOP DISCUSSING THE GOVERNANCE ROLE AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

Presented by Nancy Jones of CliftonLarsonAllen and Lori Hamahashi.

#### BUSINESS ITEMS:

7. Final loan commitment for Hacienda del Norte Apartments, No. 16-022-R/S, for 44 units located in Paso Robles. (Resolution 16-16.)

Presented by Tony Sertich and Ruth Vakili.

On a motion by Schaefer, the Board approved the staff recommendation for Resolution 16-16 above. The votes were as follows:

AYES: Avila Farias, Schaefer (for Chiang), Gallagher, Gunn (for Imbasciani), Gunning, Hunter, Johnson-Hall, Metcalf, Prince, Williams (for Podesta), Russell, Falk.

NOES: None.

ABSTAIN: None.

ABSENT: Sotelo.

8. Support to amend and restate Resolution 16-07 authorizing applications to the California Debt Limit Allocation Committee for private activity bond allocations for the Agency's homeownership and multifamily programs. (Resolution 16-17).

Presented by Tim Hsu.

On a motion by Prince, the Board approved the staff recommendation for Resolution 16-17 above. The votes were as follows:

AYES: Avila Farias, Schaefer (for Chiang), Gallagher, Gunn (for Imbasciani), Gunning, Hunter, Johnson-Hall, Metcalf, Prince, Williams (for Podesta), Russell, Falk.

NOES: None.

ABSTAIN: None.

ABSENT: Sotelo.

## 9. REPORTS

Chair Falk asked Board members if they had any questions about the reports and there were none.

## 10. DISCUSSION OF OTHER BOARD MATTERS.

- 1) Evaluation Committee will be meeting in the future.
- 2) Chair checked the public for any comments or testimony.

## 11. ADJOURNMENT

As there was no further business to be conducted, Acting Chair Gunning adjourned the meeting at 11:10 a.m.

## 12. HANDOUTS

PowerPoint presentations for Items 7 and 8 were distributed.

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State of California

# MEMORANDUM

**To:** Board of Directors

**Date:** January 17, 2017

**From:** Ben Metcalf, Director  
Lisa Bates, Deputy Director for Housing Policy  
**HOUSING AND COMMUNITY DEVELOPMENT**

**Subject:** Report on Housing & Community Development 2025 Statewide Housing Assessment – Public Draft

Here is the link to Housing and Community Development's 2025 Statewide Housing Assessment – Public Draft:

<http://www.hcd.ca.gov/housing-policy-development/statewide-housing-assessment/docs/DraftSHA123016final.pdf>

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**M E M O R A N D U M****To: Board of Directors****Date:** January 17, 2017

**From:** Janet Louie, Chief – Asset Management  
**CALIFORNIA HOUSING FINANCE AGENCY**

**Subject: SECTION 811 RENTAL ASSISTANCE PROGRAM – UPDATE**

The State of California was awarded nearly \$24 million in two funding rounds of Section 811 Project Rental Assistance (PRA) by the U.S. Department of Housing and Urban Development to provide five-year renewable rental assistance to rental housing with the availability of supportive services for very low- and extremely low-income adults with disabilities.

CalHFA has awarded \$3,857,493 to nine developments for a total of 113 PRA units. Five developments with 88 PRA units are in various stages of rent up. Two developments with 15 PRA units anticipate residents to move into 811 units during January 2017. Two developments with 10 PRA units are under construction or undergoing rehabilitation.

## SECTION 811 PROJECT RENTAL ASSISTANCE (PRA) PROGRAM

The Section 811 Project Rental Assistance (PRA) program was authorized by the Frank Melville Supportive Housing Investment Act of 2010. HUD's Section 811 program awarded project rental assistance (PRA) funds, directly to state housing agencies who worked in partnership with the state's Health and Human Services Department. The Section 811 program allows non-elderly persons with disabilities to live as independently as possible in the community by subsidizing the rental housing cost and providing access to appropriate supportive services.

### **SECTION 811 AWARDS**

CalHFA received nearly \$24 million from HUD in two rounds of funding for the Section 811 PRA Program.

Round I - California received \$11,276,744 to provide project-based rental subsidies for 241 units throughout California with an additional \$931,814 for program administrative cost.

- HUD awarded Section 811 PRA - February 2013
- Executed Cooperative Agreement with HUD - October 2014
- State's Notice of Funding Availability (NOFA) issued - August 1, 2014
- First Rental Assistance Contract (RAC) signed with Garden Village - December 2014
- First 811 PRA unit occupied by tenant at Garden Village - March 2015
- 811 Units must be occupied - August 1, 2019
- 811 PRA funds must be disbursed - September 30, 2025

Round II - California received \$11,097,626 to provide project-based rental subsidies to approximately 283 affordable units specifically targeted for Los Angeles County, with an additional \$887,810 for program administrative cost.

- HUD awarded Section 811 PRA - May 2014
- Executed Cooperative Agreement with HUD - February 2016
- State's NOFA issued - February 2016
- 811 Units must be occupied - November 1, 2020
- 811 PRA funds must be disbursed - September 30, 2026

### **PARTNERSHIPS**

CalHFA entered into an Inter-Agency partnership agreement with four other state agencies to administer the PRA funds to new or existing affordable housing developments.

1. Department of Housing and Community Development (HCD) - Developed State's NOFA for both rounds and conduct marketing and outreach to property owners on the 811 PRA program
2. Tax Credit Allocation Committee (TCAC) - Assist in review of the 811 application and funding calculation
3. Department of Health Care Services (DHCS) - Verify Medi-Cal eligibility for all approved tenants, develop/maintain waitlists by development and conduct marketing and outreach to property owners on the 811 PRA program
4. Department of Developmental Services (DDS) - Provides state-level oversight and coordination of outreach and referrals of individuals with developmental disabilities

## **SECTION 811 PROJECT RENTAL ASSISTANCE (PRA) PROGRAM**

### **TARGET POPULATION**

- Age 18-61 at initial move-in
- Disabled
- Extremely low-income - 30% AMI or below
- Resides in inpatient facility for 90 days - with one day paid by Medi-Cal
- Enrolled in Medi-Cal/Medicaid beneficiaries
- Requires long-term services and supports
- Transitioning from institutional settings
- At risk of homelessness or institutionalization due to loss of housing

### **Under Round II**

- Expanded target population to homeless person, under Section (1) of HUD's definition
- At risk of institutionalization with primary diagnosis of mental illness or developmental disability

### **OWNER'S REQUIREMENT**

Owner must partner with a local Tenant Referral Organization (TRO) to ensure residents are connected to the health and supportive services they need.

- Current California Community Transitions (CCT) Program provider or organization willing to become a CCT provider
- Regional Center for developmentally disabled or entity which contracts with a Regional Center to provide tenant referrals and housing placement

### **UPDATES**

- Round I - HUD granted a waiver in late November 2016 to increase initial rents from 50% AMI to Fair Market Rent (FMR). Amended state's NOFA to provide for FMR on December 2016
- Round II - HUD decision whether to waive Round II 50% AMI rents to FMR level is anticipated to be announced within the month. The California PRA team will evaluate expanding the geographic target area statewide to encourage more participation in the program

## SECTION 811 PROJECT RENTAL ASSISTANCE (PRA) PROGRAM

### CALIFORNIA PRA AWARDS

ROUND I Rent-Up with 811 Tenants							
Project Name	PRA Units	Total Units	PRA Award	RAC	Rent-Up	Location	Sponsor
Garden Village	11	195	\$450,129	3/1/2015	3/1/2015	Sacramento	Domus
Essex Apartments	37	150	\$1,116,017	5/1/2015	5/1/2015	Lancaster	InSite
Casa Verde	10	68	\$356,443	6/1/2015	6/1/2015	San Leandro	Mercy
Bermuda Gardens	20	80	\$785,327	6/1/2015	6/1/2015	San Leandro	Mercy
Heritage Commons	10	54	\$274,589	4/1/2016	4/1/2016	Dixon	Neighborhood Works
<b>5 Developments</b>	<b>88</b>	<b>547</b>	<b>\$2,982,505</b>				

ROUND I Pending Rent-Up							
Project Name	PRA Units	Total Units	PRA Award	RAC	Rent-Up	Location	Sponsor
Owendale Mutual Housing	5	45	\$123,915	8/1/2016	17-Jan	Davis	Mutual Housing
Acacia Meadows	10	140	\$316,318	10/1/2016	17-Jan	Sacramento	CHOC
<b>2 Developments</b>	<b>15</b>	<b>185</b>	<b>\$440,233</b>				

ROUND I Under Construction or Rehabilitation							
Project Name	PRA Units	Total Units	PRA Award	RAC	Rent-Up	Location	Sponsor
Tabora Gardens Senior	5	85	\$185,714	pending	9/1/2017	Antioch	Satellite Affordable
Eddy & Taylor Family	5	178	\$249,041	pending	10/1/2018	San Francisco	TNDC
<b>2 Developments</b>	<b>10</b>	<b>263</b>	<b>\$434,755</b>				

ROUND I SUMMARY		
To Date	PRA Units	PRA Award
<b>9 Developments</b>	<b>113</b>	<b>\$3,857,493</b>
<b>Goal</b>	<b>241</b>	<b>\$11,276,744</b>
<b>Percentage of Goal</b>	<b>46%</b>	<b>34%</b>

With nine developments awarded funding, the 113 PRA units represents 46% of Round I goal to create 241 PRA units while \$3,857,493 of the awarded PRA fund is 34% of the funds available under Round I. No funding award has been made under Round II.

State of California

## MEMORANDUM

**To:** Board of Directors

**Date:** January 17, 2017

**From:** Tia Boatman Patterson, Executive Director  
**CALIFORNIA HOUSING FINANCE AGENCY**

**Subject:** Discussion and possible action to adjust the salary of the Executive Director

The attached resolution is provided to the Board in order to take all necessary actions, if any, resulting from the discussions in closed session.

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RESOLUTION 17- 03

RESOLUTION ADJUSTING THE SALARY OF THE  
EXECUTIVE DIRECTOR

WHEREAS, on January 1, 2007, amendments to Health & Safety Code section 50909 became effective, directing the Board of Directors of the California Housing Finance Agency (the "Board of Directors") to establish salaries for key exempt managers; and

WHEREAS, pursuant to Health & Safety Code section 50909 the Board of Directors has authority to adjust the salary of the Executive Director; and

WHEREAS, the Executive Evaluation Committee completed evaluation and is recommending the board approve a merit increase for the Executive Director; and

WHEREAS, the Board of Directors accepts the recommendation of the Executive Evaluation Committee; and

WHEREAS, the Board of Directors has determined that the salary of the Executive Director should be adjusted to reflect a merit increase.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors as follows:

1. The Board of Directors hereby adjusts the salary of the Executive Director to reflect a merit based increase to her salary by \_\_\_\_\_ percent effective January 1, 2017.

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3 SECRETARY'S CERTIFICATE

4 I, Thomas O. Freeburger, the undersigned, Acting Secretary of the Board of Directors of  
5 the California Housing Finance Agency, hereby certify that the foregoing is a full, true, and correct copy  
6 of Resolution No. 17-03 duly adopted at the meeting of the Board of Directors of the California Housing  
7 Finance Agency duly called and held on the 17th day of January, 2017, of which meeting all said  
8 directors had due notice; and that at said meeting said Resolution was adopted by the following vote:

9 AYES:

10 NOES:

11 ABSTENTIONS:

12 ABSENT:

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17 IN WITNESS WHEREOF, I have executed this certificate hereto this 17th day of  
18 January 2017.  
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24 Thomas O. Freeburger  
25 Acting Secretary of the Board of Directors of the  
California Housing Finance Agency



State of California

# MEMORANDUM

**To:** Board of Directors

**Date:** January 17, 2017

**From:** Tia Boatman Patterson, Executive Director  
**CALIFORNIA HOUSING FINANCE AGENCY**

**Subject:** Request for Salary Increase for Director of Multifamily Programs

The attached resolution is provided to the Board in order to take all necessary actions, if any, resulting from the discussions in closed session.

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1. The Board of Directors hereby adjusts the salary of the Director of Multifamily Programs to reflect a merit based increase to his salary by \_\_\_\_\_ percent effective January 1, 2017.

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3 SECRETARY'S CERTIFICATE

4 I, Thomas O. Freeburger, the undersigned, Acting Secretary of the Board of Directors of  
5 the California Housing Finance Agency, hereby certify that the foregoing is a full, true, and correct copy  
6 of Resolution No. 17-04 duly adopted at the meeting of the Board of Directors of the California Housing  
7 Finance Agency duly called and held on the 17th day of January, 2017, of which meeting all said  
8 directors had due notice; and that at said meeting said Resolution was adopted by the following vote:

9 AYES:

10 NOES:

11 ABSTENTIONS:

12 ABSENT:

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17 IN WITNESS WHEREOF, I have executed this certificate hereto this 17th day of  
18 January 2017.  
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24 Thomas O. Freeburger  
25 Acting Secretary of the Board of Directors of the  
California Housing Finance Agency

State of California

**MEMORANDUM****To:** Board of Directors**Date:** January 17, 2017

**From:** Tia Boatman Patterson, Executive Director  
**CALIFORNIA HOUSING FINANCE AGENCY**

**Subject:** Request for General Salary Increase (GSI) for Key Exempt Staff

The Executive Evaluation Committee met on December 14, 2016 to review and discuss the staff recommendation outlined in the background section below. At the conclusion of that meeting, the Executive Evaluation Committee unanimously approved Resolution 16-18 recommending the full Board adopt a resolution authorizing the following: 1) a minimum GSI increase of 3% for Agency exempt employees effective January 2017, 2) that the exempt salary ranges established under Resolution 07-10 be amended by the amount of the approved GSI increase, and 3) that CalHFA exempt management salaries and salary ranges shall be adjusted in concert with future state approved GSI increases granted to other state exempt employees.

CalHFA Class Title	Current Salary Range Monthly		New Salary Range @3% GSI Monthly		Position Status
	Min.	Max.	Min.	Max.	
Director of Enterprise Risk Management	TBD	TBD	TBD	TBD	Vacant
Executive Director	\$ 12,500	\$ 17,500	\$ 12,875	\$ 18,025	
Director of Multifamily Programs	\$ 11,667	\$ 17,500	\$ 12,017	\$ 18,025	
Director of Financing	\$ 11,524	\$ 15,833	\$ 11,870	\$ 16,308	
Chief Deputy Director	\$ 11,522	\$ 15,833	\$ 11,868	\$ 16,308	Vacant
Director of Homeownership	\$ 10,333	\$ 15,833	\$ 10,643	\$ 16,308	
General Counsel	\$ 10,833	\$ 14,167	\$ 11,158	\$ 14,592	Vacant
Director of Legislation and Mortgage Assistance	\$ 11,458	\$ 14,167	\$ 11,802	\$ 14,592	Vacant
Chief Information Officer	\$ 8,333	\$ 11,458	\$ 8,583	\$ 11,802	
Financing Risk Manager	\$ 8,333	\$ 11,458	\$ 8,583	\$ 11,802	
Assistant Deputy Director of Homeless Policy	\$ 7,616	\$ 8,484	\$ 7,844	\$ 8,739	Vacant

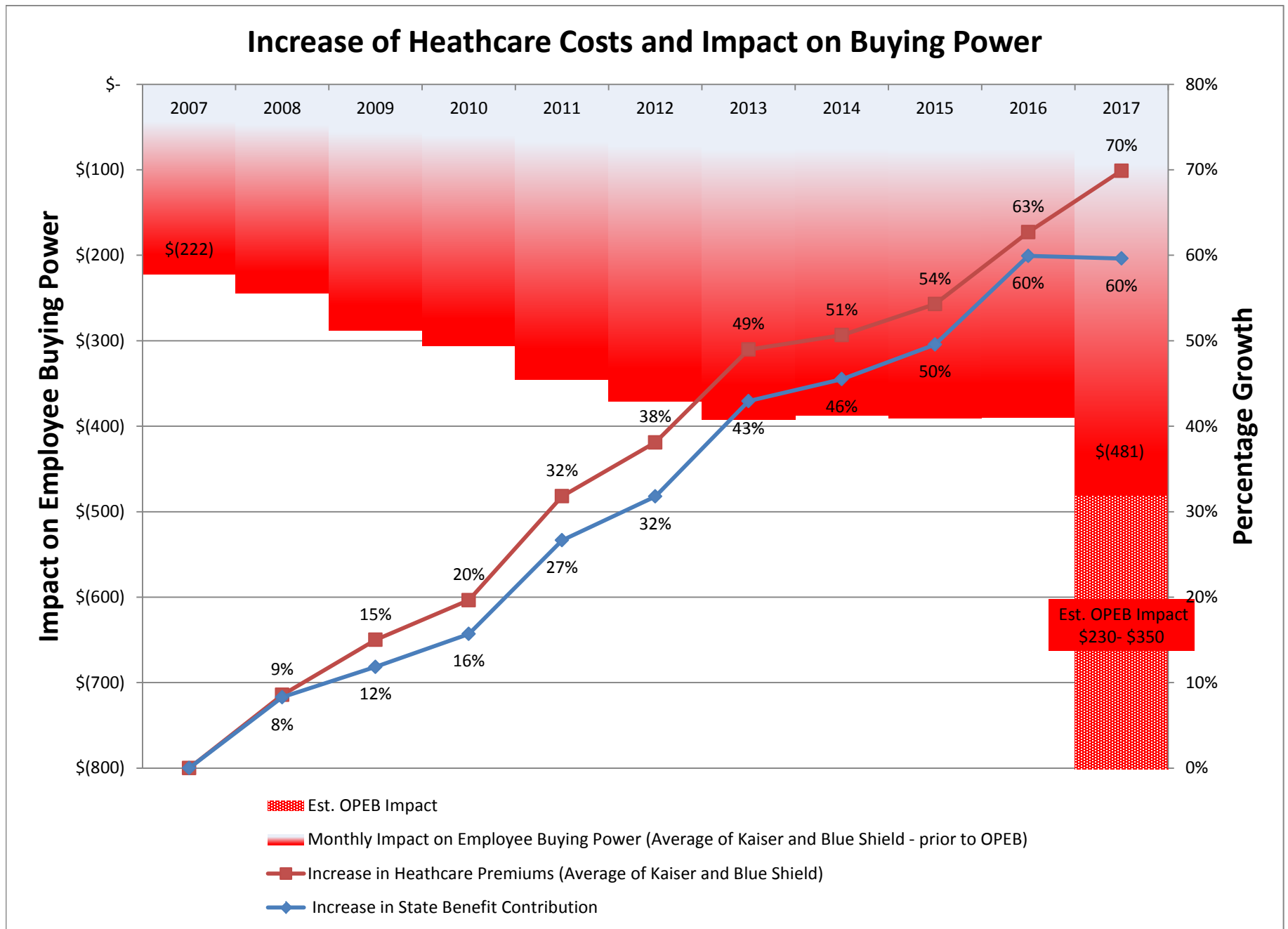
**Background – Information provided during Evaluation Committee Meeting  
(December 14, 2016)**

Using the 2017 negotiated healthcare premiums for full family coverage, the average cost for medical, dental and vision has increased 70% since 2007. During that same timeframe the State's benefit contribution has only increased 60%. This gap has increased employee out of pocket costs by 117%, from an average of \$222 in 2007 to \$481 for 2017 (**Attachment 1**).

While this is just one specific example of the increased cost burden on State employees; overall, the cost of goods and services as reflected in the consumer price index has increased 23.5%. During this same timeframe, the State has provided all State Exempt employees general salary increases (GSI) of nearly 14%, with the exception of CalHFA (**Attachment 2**).

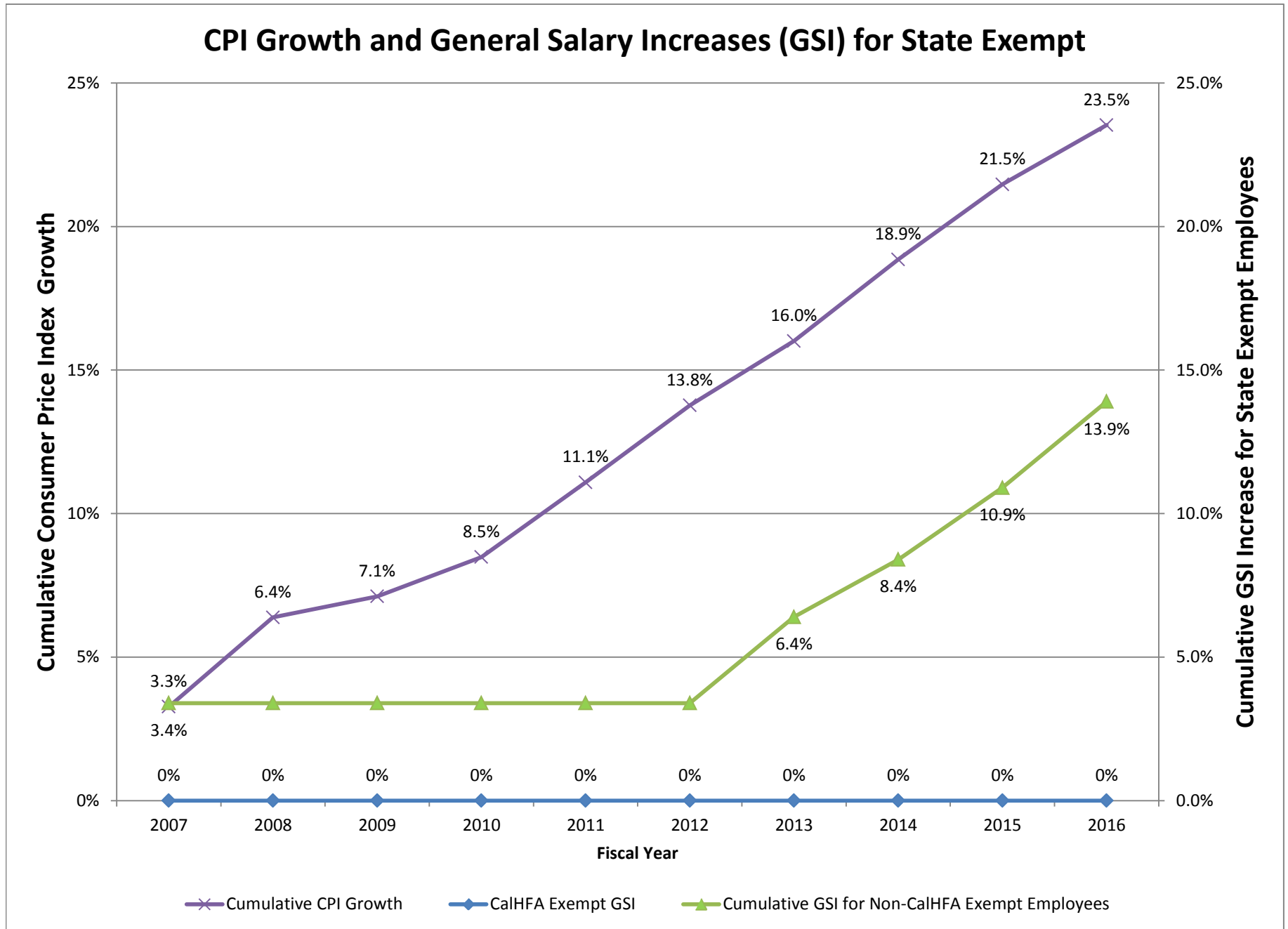
Because the Board controls the salaries of the CalHFA exempt employees, CalHR cannot authorize a general salary increase for CalHFA exempt employees. On September 19, 2016, CalHR notified State agencies that beginning in fiscal year 2017-18 employees will be required to equally share in the cost of Other Post-Employment Benefits (OPEB). Effective October 1, 2016, CalHR authorized a GSI of 3% for all employees designated as exempt, managerial, supervisory or otherwise excluded from bargaining which will help defray the costs of the OPEB payment, but specifically omitted CalHFA exempt employees. The notice also mentioned that CalHR intends to extend an additional GSI to these same employees on July 1, 2017. (**Attachment 3**)

As a result, staff is requesting that the Committee consider recommending to the full Board approval of a resolution that authorizes the following: 1) Provides a minimum GSI increase of 3% for Agency exempt employees effective January 2017, 2) Amends the salary ranges established under Resolution 07-10 by the amount of the approved GSI increase, and 3) authorizes future GSI adjustments to CalHFA salary ranges in concert with State approved GSI increases for exempt employees.



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**California Department of Human Resources  
Memorandum**

**TO: Personnel Management Liaisons (PML)**

<b>SUBJECT:</b> Excluded and Exempt Salary Increase – Fiscal Year 2016-17	<b>REFERENCE NUMBER:</b> 2016-023
<b>DATE ISSUED:</b> September 19, 2016	<b>SUPERSEDES:</b>

This memorandum should be forwarded to:

**Agency Secretaries  
Agency Undersecretaries  
Department Directors  
Department Deputy Directors  
Employee Relations Officers  
Personnel Officers  
Personnel Transactions Supervisors**

**FROM:** California Department of Human Resources  
Personnel Management Division

**CONTACT:** Personnel Services Branch  
(916) 323-3343  
Fax: (916) 327-1886  
Email: psb@calhr.ca.gov

Effective October 1, 2016, excluded and exempt employees within the designations listed below will receive a General Salary Increase (GSI) of three percent (3%):

- Exempt or Managerial – M/E59/E79/E99
- Supervisory – S/E48/E58/E68/E78/E98
- Confidential and otherwise excluded from bargaining – C/E67/E77/E97

In addition to the GSI listed above, and consistent with recent Memoranda of Understanding, the state and the employees noted in this PML will begin equally sharing the cost of prefunding retiree healthcare benefits, otherwise known as Other Post-Employment Benefits (OPEB). OPEB prefunding is anticipated to begin July 1, 2017 and be phased in over a three year period. The Administration also intends to extend an additional GSI to these employees on July 1, 2017. Further information regarding OPEB prefunding and future GSIs will be published at a later date.

Excluded employees affiliated with Bargaining Units 5 (Highway Patrol), 6 (Corrections), 9 (Professional Engineers), and 10 (Professional Scientific) who received increases on or after June 1, 2016, and any excluded employees affiliated with Bargaining Units 2 (Attorneys and Administrative Law Judges) and 7 (Protective Services and Public Safety) who will receive increases tied to the rank-and-file employees they supervise, are not covered by this package.

STATE OF CALIFORNIA

PML 2016-023  
September 19, 2016  
Page 2

All exceptions for excluded and exempt employees will be identified in the pay letters.

/s/Bryan Baldwin

Bryan Baldwin, Chief  
Personnel Management Division

**Exempt Pay Letter**

DATE: November 9, 2016

**TO:** Personnel Officers

**FROM:** California Department of Human Resources  
Personnel Management Division  
Exempt Program Unit


**SUBJ:** General Salary Increase of Exempt and Statutory Exempt Positions

The Department of Human Resources approved a three percent (3%) General Salary Increase (GSI) for exempt positions with a CBID of R03, S03, M03, R20, E50, E79, E97, E98, and E99, effective October 1, 2016. Also included in this GSI of three percent (3%) are exempt positions with a CBID of E at the California Science Center, California African American Museum, Office of Planning and Research, Office of Lieutenant Governor, and Governor's Office. The minimum and maximum salary for the exempt positions identified above shall be increased by three percent (3%).

Exceptions to this pay program are listed below and are excluded from receiving the 3% GSI:

- Elected constitutional officers in class codes 5309, 5316, 5695, 4189, 4232, 5319, 2545, 4393, 4273 (salaries are established by the California Citizens Compensation Commission).
- Exempt positions in CalPERS, CalSTRS, Covered California/California Health Benefit Exchange, and California Housing and Finance Agency.
- Exempt positions titled Director of the Postsecondary Education Commission (2909), Legislative Counsel (5744), Adjutant General (8409), Assistant Adjutant General (8844), and Inspector General, Military Department (8850).
- SCIF exempt positions in class codes 6383, 6388, 6399, 6497, 9294, 9295, 9725, 9726, 9727, 9728, 9730, and 9775.
- CHP exempt positions in class codes 8373, 9042, and 9678.
- Veterans' Home of California in class codes 1632, 1993, 1994, 9582, 9719, and 9980.
- CDCR exempt positions in class codes 0318, 0320, 0321, 0322, 0533, 5033, 5507, 6281, 6298, 6581, 7642, 9077, 9081, 9380, 9593, 9625, 9649, and 9657.

Changes to the Exempt Pay Scale are updated and published monthly on the Human Resources Network (HR Net) at CalHR's website, [www.calhr.ca.gov](http://www.calhr.ca.gov). If you have any questions regarding the pay program you may contact me at the number below.

  
Angelina Snarr  
Personnel Program Consultant  
(916) 324-9406  
[Angelina.Snarr@calhr.ca.gov](mailto:Angelina.Snarr@calhr.ca.gov)

cc: SACS Unit, State Controller's Office, B-8  
Governor's Office Appointments Unit, E-15

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## RESOLUTION 17-01

## RESOLUTION ADJUSTING SALARY FOR KEY EXEMPT STAFF

WHEREAS, on January 1, 2007, amendments to Health & Safety Code section 50909 became effective, directing the Board of Directors of the California Housing Finance Agency (the "Board of Directors") to establish salaries for key exempt management; and

WHEREAS, on January 18, 2007, the Board adopted Resolution 07-06, establishing salary ranges for key exempt management positions as an aid in setting specific salaries; and

WHEREAS, on March 8, 2007, the Board adopted Resolution 07-10, setting the salary ranges for key exempt management positions, and

WHEREAS, no general salary increase or adjustments in those salary ranges has been contemplated by board since their implementation in 2007; and

WHEREAS, CalHFA key exempt management staff have not been included in any of the general salary increases (GSI) provided to other State exempt employees since 2007.

WHEREAS, the California Department of Human Resources (CalHR) notified state agencies that beginning in fiscal year 2017-18 employees will be required to equally share in the cost of Other Post-Employment Benefits (OPEB); and

WHEREAS, to offset increased out of pocket expenses attributable to key exempt management staff due to increased employee contributions to healthcare and post retirement contributions; and

WHEREAS, the Executive Evaluation Committee met on December 14, 2016 to consider recommending a general salary increase for key exempt management; and

WHEREAS, the Board of Directors has considered the recommendations of the Executive Evaluation Committee to, effective January 1, 2017, increase the salary range of key exempt management by three percent, provide each key exempt a three percent increase to their current salary and further adjust the key exempt salary schedule in concert with future state approved GSI increases granted to other state exempt employees.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors as follows:

1. The Board of Directors adopts the recommendations of the Executive Evaluation Committee to adjust the salary ranges for key exempt management and further resolves as follows:

a. Repeal resolution 07-10 setting the salary schedule and caps for key

1 exempt staff and instead adjusts and creates revised salary ranges for those positions to reflect a  
2 three percent general salary increase effective January 1, 2017 consistent with **Attachment A**  
3 hereto.

4  
5 b. Each member of the key exempt management staff shall, effective January  
6 1, 2017 receive a three percent GSI increase to their current salary.

7  
8 c. Effective January 1, 2017 the key exempt management staff salaries and  
9 salary schedule shall be adjusted in concert with future state approved GSI increase(s) granted to  
10 other state exempt employees.

11  
12 d. Authorize the amendment of the CalHFA budget, if required, to facilitate  
13 the approved changes.  
14



1  
2  
3 SECRETARY'S CERTIFICATE

4 I, Thomas O. Freeburger, the undersigned, Acting Secretary of the Board of  
5 Directors of the California Housing Finance Agency, hereby certify that the foregoing is a full,  
6 true, and correct copy of Resolution No. 17-01 duly adopted at the meeting of the Board of  
7 Directors of the California Housing Finance Agency duly called and held on the 17th day of  
8 January, 2017, of which meeting all said directors had due notice; and that at said meeting said  
9 Resolution was adopted by the following vote:

10 AYES:

11 NOES:

12 ABSTENTIONS:

13  
14  
15 ABSENT:

16  
17  
18 IN WITNESS WHEREOF, I have executed this certificate hereto this 17th day of  
19 January 2017.  
20  
21  
22  
23

24 \_\_\_\_\_  
25 Thomas O. Freeburger  
26 Acting Secretary of the Board of Directors of the  
27 California Housing Finance Agency

**Attachment A to Board Resolution 17-01**

CalHFA Class Title	New Salary Range @ 3% GSI Monthly		Position Status
	Min.	Max.	
Director of Enterprise Risk Management	TBD	TBD	Vacant
Executive Director	\$12,875	\$18,025	
Director of Multifamily Programs	\$12,017	\$18,025	
Director of Financing	\$11,870	\$16,308	
Chief Deputy Director	\$11,868	\$16,308	
Director of Homeownership	\$10,643	\$16,308	Vacant
General Counsel	\$11,158	\$14,592	Vacant
Director of Legislation and Mortgage Assistance	\$11,802	\$14,592	Vacant
Chief Information Officer	\$8,583	\$11,802	
Financing Risk Manager	\$8,583	\$11,802	
Assistant Deputy Director of Homeless Policy	\$7,844	\$8,739	Vacant

State of California

## MEMORANDUM

**To:** Board of Directors

**Date:** January 17, 2017

**From:** Tia Boatman Patterson, Executive Director  
**CALIFORNIA HOUSING FINANCE AGENCY**

**Subject:** Approval to enter into contract with outside advisor to assist the Evaluation Committee and the Board in setting the salary range and compensation for the position of Director of Enterprise Risk Management and Compliance and review of compensation of key exempt management staff

The Executive Evaluation Committee met on December 14, 2016 to review and discuss the staff recommendation outlined in the background section below. At the conclusion of that meeting, the Executive Evaluation Committee unanimously approved Resolution 16-19 recommending the full Board adopt a resolution authorizing the following: 1) a consultant contract with Willis Tower Watson to establish the salary range and compensation for the newly created position of Director of Enterprise Risk Management and Compliance, and 2) review and update, as needed, the structure and level of compensation for key exempt management staff. A copy of the scope of work is included herein for your review as **Attachment 1**.

**Background – Information provided during Evaluation Committee Meeting (December 14, 2016)**

Health and Safety Code section 50912.5 authorized the Agency to create the position of Director of Enterprise Risk Management and Compliance in lieu of the Director of Mortgage Insurance. Since this is a new position it was not included in the 2006 salary survey that served as a basis to set the salaries of key exempt management staff pursuant to Health and Safety Code section 50909. As such it is necessary to hire an outside consultant to conduct a compensation survey for that position.

Additionally, the Executive Evaluation Committee is charged with recommending to the Board the periodic review of the structure and level of compensation of those key exempt management staff whose salaries are established by the Board pursuant to Health and Safety 50909. There has not been a review since the salary schedule was established in 2007.

Staff requested the evaluation committee consider recommending to the full Board

approval of a resolution authorizing the Executive Director the authority to execute a contract with Willis Towers Watson to set the salary range and compensation for the position of Director of Enterprise Risk Management and Compliance and assists management and the committee with the review of the structure and level of compensation of those key exempt management staff whose salaries are established by the Board pursuant to Health and Safety 50909.



December 30, 2016

Victor J. James, II  
General Counsel and Administrator of Human Resources  
California Housing Finance Agency  
P.O. Box 4034 - MS1440  
Sacramento, CA 95812-4034

Dear Victor:

The California Housing Finance Agency ("CalHFA" or "you") has requested the Willis Towers Watson entity ("WTW", "we", or "us") to assist with review of the compensation ranges established by the Compensation Committee in 2006 for key managers. We are happy to provide this Statement of Work summarizing our proposed approach, deliverables and fees.

This letter includes our understanding of your objectives, our approach to the work, a project timeline and estimated fees. Please let us know if this statement of work meets your needs, or if we have misunderstood any of your objectives – we are happy to modify our proposal to ensure alignment at the outset of the project.

### ***Scope of Work***

Willis Towers Watson will provide the consulting services described in Attachment 1 to this letter. As described in our proposal, Carrie Thomas will serve as the project lead and will have responsibility for its overall success.

### ***Fees***

Fees to provide the services outline in Attachment 1 in connection with the project will be charged on a time and expense basis. The estimated fee is \$17,000 – 19,000 for the project.

Our charges will consist of the following components:

- Hourly time charges for personnel performing services at our hourly rates in effect at the time of performance;
- 7% technology charge on total hourly time invoiced, for technical systems and administrative services;

Carrie Thomas  
Senior Consultant

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Suite 2000  
San Francisco, CA 94104

T +1 415 733 4100  
F +1 415 733 4199  
E [carrie.thomas@towerswatson.com](mailto:carrie.thomas@towerswatson.com)  
W [willistowerswatson.com](http://willistowerswatson.com)

Towers Watson Delaware Inc.

- Reimbursement, at cost, of direct expenses reasonably incurred by us in connection with the performance of our services, such as travel and other vendor expenses.

If at any point in this engagement we conclude that our fees will exceed our estimate, we will promptly discuss the situation with you.

At the end of each month during which Willis Towers Watson performs these services, we will bill you for all charges, costs and expenses accrued or incurred for the month. If you have any questions about any of our invoices, you must notify us within 30 days from the date of the invoice.

### ***Terms and Conditions of this Engagement***

The services described in this SOW, and any other services that Willis Towers Watson provides, will be performed subject to the Terms & Conditions in place with the California Housing Finance Agency dated December 14, 2016.

### ***In Closing***

On behalf of Willis Towers Watson, we look forward to partnering together on this project. Throughout this engagement, we encourage you to continue to tell us how we can best provide you with the highest quality services so that we can deliver your desired outcomes.

We hope that we have accurately articulated this phase of our work together. However, if we need to amend our stated work plan so it perfectly aligns with your goals, kindly let us know and we will gladly do so. Alternatively, if this letter accurately describes the terms of our engagement, please have an authorized representative of The California Housing Finance sign and return the enclosed copy to my attention.

Thank you again.

**Signed by and on behalf of:**

**TOWERS WATSON DELAWARE INC.**

By: 

Carrie Thomas, Senior Consultant

Date: December 30, 2016

**Accepted and agreed on behalf of:**

**CALIFORNIA HOUSING FINANCE AGENCY**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Title: \_\_\_\_\_

Date: \_\_\_\_\_

## Background and Objectives

In 2006, the California Housing Agency (CalHFA) engaged Willis Towers Watson to conduct a compensation study for 10 management jobs. The study included:

- Data collected in a custom survey across 18 housing finance agencies, as well as organizations in the not-for-profit or government sectors with similar jobs.
- Data collected from published compensation surveys for similar roles in the finance industry (data reported as both for-profit and not-for-profit survey participants).
- A high level view of the pay mix between base pay/benefits in the for-profit and not-for-profit sectors.

Following the study, CalHFA's Compensation Committee established base pay ranges, typically based on the custom survey data provided. The base pay ranges have not been revised since this time, and CalHFA would like to conduct a review to validate that the previously established compensation ranges are appropriate in 2016, or identify any potential recommended updates. Specifically, CalHFA's objectives include:

- Review a sample of 2016 competitive market data to understand current market pay levels and market pay changes since 2006
- Review the base pay ranges compared to market pay levels and movement since 2006, and assess for consistency/variances
- Develop a recommendation for the alignment of the Director of Enterprise Risk & Compliance (new position) to a pay range
- Present results of the review to the Compensation Committee.

To accomplish these objectives, Willis Towers Watson recommends reviewing results from a custom survey conducted by the Colorado Housing and Finance Agency in early 2016, as well as updated published survey data for a sample of jobs. Details on our recommended approach are provided in the following section.

## Project Scope and Approach

Work Step	Assumptions, Roles and Timing
<p><b>1. Project Kick-off &amp; Management</b></p> <p>As the first step of the project, we will hold a meeting with representative(s) from CalHFA. We will confirm objectives, roles and timing for the current project, as well as gather insights/issues with regard to compensation, recruiting, and retention challenges for housing and finance senior managers. Additional agenda topics will include a review of the methodology utilized for the 2006 study to ensure consistency (where applicable) in 2016 and a review of the 2016 custom survey conducted by the Colorado Housing and Finance Agency for comparability to the prior study conducted for CalHFA.</p>	<p>Week 1 (January 23)</p> <ul style="list-style-type: none"> <li>▪ Willis Towers Watson prepares for and facilitates two hour kick-off meeting with relevant CalHFA stakeholders</li> </ul>



Work Step	Assumptions, Roles and Timing
<p><b>2. Data Collection</b></p> <p>During the project kick-off, Willis Towers Watson will provide a data collection request to be completed by CalHFA (e.g., current pay ranges, organization size data).</p>	<p>Week 1 (January 23)</p> <ul style="list-style-type: none"> <li>Willis Towers Watson provides data request; CalHFA provides requested information</li> </ul>
<p><b>3. Analysis</b></p> <p>Willis Towers Watson will compile and analyze compensation data for up to 11 jobs, referencing the Colorado Housing and Finance Agency custom survey and 2016 published compensation surveys. Based on available data, Willis Towers Watson will analyze:</p> <ul style="list-style-type: none"> <li>Market movement trends for Housing Finance Agencies, non-profits and for-profit financial services organizations since 2006</li> <li>Validation or suggested gaps of CalHFA's current pay ranges based on the sample of 2016 data, highlighting where there are consistencies or potential discrepancies</li> <li>Market information for the Director of Enterprise Risk &amp; Compliance, and preliminary alignment to a base pay grade</li> </ul>	<p>Weeks 2-3 (January 30 – February 10)</p> <ul style="list-style-type: none"> <li>Willis Towers Watson conducts analyses for a sample of up to 11 jobs (strong survey matches may not be available for every survey source in 2006 and/or 2016 – Willis Towers Watson will recommend jobs to include in the sample, based on the available survey data and ensuring the sample spans a range of base pay range levels)</li> </ul>
<p><b>4. Preliminary Results</b></p> <p>Willis Towers Watson will prepare a preliminary report summarizing the results from our analysis. Willis Towers Watson will meet with representatives from CalHFA to review the preliminary report.</p>	<p>Week 3 (February 6-10)</p> <ul style="list-style-type: none"> <li>Willis Towers Watson develops preliminary report</li> <li>Two hour joint meeting to review</li> <li>Assumes up to one set of minor revisions, prior to finalizing the report</li> </ul>
<p><b>5. Final Report and Compensation Committee Meeting</b></p> <p>Willis Towers Watson will prepare a final report, and meet with the Compensation Committee to present the results.</p>	<p>Week 4+ (TBD, pending on scheduling)</p> <ul style="list-style-type: none"> <li>Willis Towers Watson prepares final report</li> <li>Willis Towers Watson attends up to a two hour Compensation Committee meeting to present the results</li> </ul>

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## RESOLUTION 17-02

RESOLUTION AUTHORIZING CONTRACT  
WITH OUTSIDE ADVISOR TO PERFORM  
SURVEY OF KEY EXEMPT STAFF  
SALARY STRUCTURE

WHEREAS, on January 1, 2007, amendments to Health & Safety Code section 50909 became effective, directing the Board of Directors of the California Housing Finance Agency (the "Board of Directors") to establish salaries for key exempt managers; and

WHEREAS, on January 18, 2007, the Board adopted Resolution 07-06, establishing salary ranges for key exempt management positions as an aid in setting specific salaries; and

WHEREAS, on March 8, 2007, the Board adopted Resolution 07-10, setting the salary ranges for key exempt management positions as set forth herein as **Attachment A**, and

WHEREAS, no general salary increase or adjustments in those salary ranges has been contemplated by the committee or board since their implementation in 2007; and

WHEREAS, Health and Safety Code section 50912.5 provides for the employment by the Agency of a Director of Enterprise Management and Compliance; and

WHEREAS, it is necessary to set a salary range for the position of Director of Enterprise Management before steps can be taken to fill the position; and

WHEREAS, the Executive Evaluation Committee met on December 14, 2016 to review the structure and level of compensation for key exempt management staff for the purpose of making a recommendation to the Board of Directors regarding same; and

WHEREAS, the Board of Directors has received and considered the Executive Evaluation Committee's recommendation that the Agency enter into a contract with Willis Towers Watson consistent with the proposal and scope of work set forth herein as **Attachment 1**.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors as follows:

1. The Board of Directors adopts the recommendation of the Executive Evaluation Committee hereby authorizing and directing the Executive Director and her designees to enter into final negotiations of the terms of a contract with Willis Towers Watson consistent with the proposal and scope of work set forth herein as **Attachment 1** in an amount not to exceed \$50,000 and thereafter execute said contract on behalf of the Agency.

1  
2           2.       Willis Towers Watson is to work with the Executive Director, her designees and  
3 the Executive Evaluation Committee to assist the Executive Evaluation Committee in making its  
4 recommendations to the Board of Directors in setting the salary range and compensation for the  
5 position of Director of Enterprise Risk Management and Compliance and review the structure  
6 and level of Agency compensation of its key exempt management staff whose salaries are  
7 established by the Board pursuant to Health and Safety Code section 50909.  
8

## 1 SECRETARY'S CERTIFICATE

2  
3 I, Thomas O. Freeburger, the undersigned, Acting Secretary of the Board of Directors of the  
4 California Housing Finance Agency, hereby certify that the foregoing is a full, true, and correct  
5 copy of Resolution No. 17-02 duly adopted at the meeting of the Board of Directors of the  
6 California Housing Finance Agency duly called and held on the 17th day of January, 2017, of  
7 which meeting all said directors had due notice; and that at said meeting said Resolution was  
8 adopted by the following vote:  
9

10 AYES:

11  
12 NOES:

13  
14 ABSTENTIONS:

15  
16 ABSENT:

17  
18 IN WITNESS WHEREOF, I have executed this certificate hereto this 17th day of  
19 January 2017.  
20  
21  
22  
23

24 \_\_\_\_\_  
25 Thomas O. Freeburger  
26 Acting Secretary of the Board of Directors of the  
27 California Housing Finance Agency

**Attachment A to Board Resolution 17-02 (Contract Survey)**

CalHFA Class Title	Current Salary Range Monthly		Position Status
	Min.	Max.	
Director of Enterprise Risk Management	TBD	TBD	Vacant
Executive Director	\$12,500	\$17,500	
Director of Multifamily Programs	\$11,667	\$17,500	
Director of Financing	\$11,524	\$15,833	
Chief Deputy Director	\$11,522	\$15,833	Vacant
Director of Homeownership	\$10,333	\$14,167	
General Counsel	\$10,833	\$14,167	Vacant
Director of Legislation and Mortgage Assistance	\$11,458	\$14,167	Vacant
Chief Information Officer	\$8,333	\$11,458	
Financing Risk Manager	\$8,333	\$11,458	Vacant
Assistant Deputy Director of Homeless Policy	\$7,616	\$8,484	Vacant



December 30, 2016

Victor J. James, II  
General Counsel and Administrator of Human Resources  
California Housing Finance Agency  
P.O. Box 4034 - MS1440  
Sacramento, CA 95812-4034

Dear Victor:

The California Housing Finance Agency ("CalHFA" or "you") has requested the Willis Towers Watson entity ("WTW", "we", or "us") to assist with review of the compensation ranges established by the Compensation Committee in 2006 for key managers. We are happy to provide this Statement of Work summarizing our proposed approach, deliverables and fees.

This letter includes our understanding of your objectives, our approach to the work, a project timeline and estimated fees. Please let us know if this statement of work meets your needs, or if we have misunderstood any of your objectives – we are happy to modify our proposal to ensure alignment at the outset of the project.

### ***Scope of Work***

Willis Towers Watson will provide the consulting services described in Attachment 1 to this letter. As described in our proposal, Carrie Thomas will serve as the project lead and will have responsibility for its overall success.

### ***Fees***

Fees to provide the services outline in Attachment 1 in connection with the project will be charged on a time and expense basis. The estimated fee is \$17,000 – 19,000 for the project.

Our charges will consist of the following components:

- Hourly time charges for personnel performing services at our hourly rates in effect at the time of performance;
- 7% technology charge on total hourly time invoiced, for technical systems and administrative services;

Carrie Thomas  
Senior Consultant

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W [willistowerswatson.com](http://willistowerswatson.com)

Towers Watson Delaware Inc.

- Reimbursement, at cost, of direct expenses reasonably incurred by us in connection with the performance of our services, such as travel and other vendor expenses.

If at any point in this engagement we conclude that our fees will exceed our estimate, we will promptly discuss the situation with you.

At the end of each month during which Willis Towers Watson performs these services, we will bill you for all charges, costs and expenses accrued or incurred for the month. If you have any questions about any of our invoices, you must notify us within 30 days from the date of the invoice.

### ***Terms and Conditions of this Engagement***

The services described in this SOW, and any other services that Willis Towers Watson provides, will be performed subject to the Terms & Conditions in place with the California Housing Finance Agency dated December 14, 2016.

### ***In Closing***

On behalf of Willis Towers Watson, we look forward to partnering together on this project. Throughout this engagement, we encourage you to continue to tell us how we can best provide you with the highest quality services so that we can deliver your desired outcomes.

We hope that we have accurately articulated this phase of our work together. However, if we need to amend our stated work plan so it perfectly aligns with your goals, kindly let us know and we will gladly do so. Alternatively, if this letter accurately describes the terms of our engagement, please have an authorized representative of The California Housing Finance sign and return the enclosed copy to my attention.

Thank you again.

**Signed by and on behalf of:**

**TOWERS WATSON DELAWARE INC.**

By: 

Carrie Thomas, Senior Consultant

Date: December 30, 2016



**Accepted and agreed on behalf of:**

**CALIFORNIA HOUSING FINANCE AGENCY**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Title: \_\_\_\_\_

Date: \_\_\_\_\_

## Background and Objectives

In 2006, the California Housing Agency (CalHFA) engaged Willis Towers Watson to conduct a compensation study for 10 management jobs. The study included:

- Data collected in a custom survey across 18 housing finance agencies, as well as organizations in the not-for-profit or government sectors with similar jobs.
- Data collected from published compensation surveys for similar roles in the finance industry (data reported as both for-profit and not-for-profit survey participants).
- A high level view of the pay mix between base pay/benefits in the for-profit and not-for-profit sectors.

Following the study, CalHFA's Compensation Committee established base pay ranges, typically based on the custom survey data provided. The base pay ranges have not been revised since this time, and CalHFA would like to conduct a review to validate that the previously established compensation ranges are appropriate in 2016, or identify any potential recommended updates. Specifically, CalHFA's objectives include:

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- Develop a recommendation for the alignment of the Director of Enterprise Risk & Compliance (new position) to a pay range
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To accomplish these objectives, Willis Towers Watson recommends reviewing results from a custom survey conducted by the Colorado Housing and Finance Agency in early 2016, as well as updated published survey data for a sample of jobs. Details on our recommended approach are provided in the following section.

## Project Scope and Approach

Work Step	Assumptions, Roles and Timing
<p><b>1. Project Kick-off &amp; Management</b></p> <p>As the first step of the project, we will hold a meeting with representative(s) from CalHFA. We will confirm objectives, roles and timing for the current project, as well as gather insights/issues with regard to compensation, recruiting, and retention challenges for housing and finance senior managers. Additional agenda topics will include a review of the methodology utilized for the 2006 study to ensure consistency (where applicable) in 2016 and a review of the 2016 custom survey conducted by the Colorado Housing and Finance Agency for comparability to the prior study conducted for CalHFA.</p>	<p>Week 1 (January 23)</p> <ul style="list-style-type: none"> <li>▪ Willis Towers Watson prepares for and facilitates two hour kick-off meeting with relevant CalHFA stakeholders</li> </ul>

Work Step	Assumptions, Roles and Timing
<p><b>2. Data Collection</b></p> <p>During the project kick-off, Willis Towers Watson will provide a data collection request to be completed by CalHFA (e.g., current pay ranges, organization size data).</p>	<p>Week 1 (January 23)</p> <ul style="list-style-type: none"> <li>Willis Towers Watson provides data request; CalHFA provides requested information</li> </ul>
<p><b>3. Analysis</b></p> <p>Willis Towers Watson will compile and analyze compensation data for up to 11 jobs, referencing the Colorado Housing and Finance Agency custom survey and 2016 published compensation surveys. Based on available data, Willis Towers Watson will analyze:</p> <ul style="list-style-type: none"> <li>Market movement trends for Housing Finance Agencies, non-profits and for-profit financial services organizations since 2006</li> <li>Validation or suggested gaps of CalHFA's current pay ranges based on the sample of 2016 data, highlighting where there are consistencies or potential discrepancies</li> <li>Market information for the Director of Enterprise Risk &amp; Compliance, and preliminary alignment to a base pay grade</li> </ul>	<p>Weeks 2-3 (January 30 – February 10)</p> <ul style="list-style-type: none"> <li>Willis Towers Watson conducts analyses for a sample of up to 11 jobs (strong survey matches may not be available for every survey source in 2006 and/or 2016 – Willis Towers Watson will recommend jobs to include in the sample, based on the available survey data and ensuring the sample spans a range of base pay range levels)</li> </ul>
<p><b>4. Preliminary Results</b></p> <p>Willis Towers Watson will prepare a preliminary report summarizing the results from our analysis. Willis Towers Watson will meet with representatives from CalHFA to review the preliminary report.</p>	<p>Week 3 (February 6-10)</p> <ul style="list-style-type: none"> <li>Willis Towers Watson develops preliminary report</li> <li>Two hour joint meeting to review</li> <li>Assumes up to one set of minor revisions, prior to finalizing the report</li> </ul>
<p><b>5. Final Report and Compensation Committee Meeting</b></p> <p>Willis Towers Watson will prepare a final report, and meet with the Compensation Committee to present the results.</p>	<p>Week 4+ (TBD, pending on scheduling)</p> <ul style="list-style-type: none"> <li>Willis Towers Watson prepares final report</li> <li>Willis Towers Watson attends up to a two hour Compensation Committee meeting to present the results</li> </ul>

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State of California

## MEMORANDUM

To: Board of Directors

Date: December 29, 2016



Tim Hsu, Director of Financing

From: CALIFORNIA HOUSING FINANCE AGENCY

Subject: Homeownership Loan Portfolio Report and Highlights for October 31, 2016

- The overall delinquency rate has decreased from a high of 17.94% in January 2010 to 6.77% in October 2016.
  - The delinquency rate for FHA loans has decreased from a high of 19.86% in January 2010 to 7.69% in October 2016.
  - The delinquency rate for Conventional loans has decreased from a high of 16.31% in January 2010 to 5.86% in October 2016.
- Conventional MI loans with no reinsurance have the highest delinquency rate at 9.93% (comparing all conventional and FHA loans).
- The REO inventory reached its peak of 1,391 loans, between the third and fourth quarters of 2010 (315 FHA loans and 1,076 Conventional loans) it is now 30 loans (5 FHA loans and 25 Conventional loans).
- The annualized 2016 foreclosure rate for Conventional loans is under 1% compared to a high of 10% in 2010.
- As of October 2016, loans modified starting in 2011 have a lower default rate, which parallels the introduction of the Keep Your Home California (KYHC) Program. The loans modified starting in 2012 have an even lower default rate, which parallels the increase in the principal reduction program (PRP) maximum payment from \$50,000 to \$100,000.
- Since 2011 we have modified 679 loans (FHA and conventional) that received KYHC's Principal Reduction Program (PRP) funds, for a total of \$41.66 million.
- "Cure" rates for modified loans (current at time of modification): 84.39%
- "Cure" rates for modified loans (delinquent at time of modification): 71.96%

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# HOMEOWNERSHIP LOAN PORTFOLIO DELINQUENCY, REO & SHORT SALE, UNINSURED LOSS, AND LOAN MODIFICATION REPORT

October 31, 2016

## Reconciled Loan Delinquency Summary All Active Loans By Insurance Type

	Loan Count	Balance	% of Balance	DELINQUENCY RATIOS - % of Loan Count						Totals	
				Loan Count	30-Day	Loan Count	60-Day	Loan Count	90(+) Day	Count	%
<b>Federal Guaranty</b>											
FHA	5,744	\$ 520,070,983	32.33%	251	4.37%	59	1.03%	132	2.30%	442	7.69%
VA	106	8,593,102	0.53%	5	4.72%	0	0.00%	4	3.77%	9	8.49%
RHS	66	10,674,386	0.66%	2	3.03%	1	1.52%	0	0.00%	3	4.55%
<b>Conventional loans</b>											
<b>with MI</b>											
MI with Reinsurance	888	205,975,583	12.80%	33	3.72%	14	1.58%	26	2.93%	73	8.22%
No Reinsurance	765	181,694,139	11.29%	32	4.18%	10	1.31%	34	4.44%	76	9.93%
<b>without MI</b>											
Originated with no MI	2,849	446,538,622	27.76%	76	2.67%	20	0.70%	43	1.51%	139	4.88%
MI Cancelled*	1,432	235,183,841	14.62%	35	2.44%	9	0.63%	16	1.12%	60	4.19%
<b>Total CalHFA</b>	<b>11,850</b>	<b>\$ 1,608,730,655</b>	<b>100.00%</b>	<b>434</b>	<b>3.66%</b>	<b>113</b>	<b>0.95%</b>	<b>255</b>	<b>2.15%</b>	<b>802</b>	<b>6.77%</b>
<i>Weighted average of conventional loans:</i>				176	2.97%	53	0.89%	119	2.01%	348	5.86%

\*Cancelled per Federal Homeowner Protection Act of 1998, which grants the option to cancel the MI with 20% equity.

Note: In accordance with CalHFA's policy, no trustee sale is permitted between December 15 and January 5 of any year without CalHFA's prior written approval.

## Reconciled Loan Delinquency Summary All Active Loans By Loan Type

	Loan Count	Balance	% of Balance	DELINQUENCY RATIOS - % of Loan Count						Totals	
				Loan Count	30-Day	Loan Count	60-Day	Loan Count	90(+) Day	Count	%
<b>30-yr level amort</b>											
FHA	5,744	\$ 520,070,983	32.33%	251	4.37%	59	1.03%	132	2.30%	442	7.69%
VA	106	8,593,102	0.53%	5	4.72%	0	0.00%	4	3.77%	9	8.49%
RHS	66	10,674,386	0.66%	2	3.03%	1	1.52%	0	0.00%	3	4.55%
Conventional - with MI	627	128,223,934	7.97%	24	3.83%	12	1.91%	18	2.87%	54	8.61%
Conventional - w/o MI	3,805	580,922,554	36.11%	98	2.58%	20	0.53%	49	1.29%	167	4.39%
<b>40-yr level amort</b>											
Conventional - with MI	166	42,486,737	2.64%	7	4.22%	4	2.41%	8	4.82%	19	11.45%
Conventional - w/o MI	144	26,282,823	1.63%	3	2.08%	7	4.86%	3	2.08%	13	9.03%
<b>*5-yr IOP, 30-yr amort</b>											
Conventional - with MI	860	216,959,050	13.49%	34	3.95%	8	0.93%	34	3.95%	76	8.84%
Conventional - w/o MI	332	74,517,086	4.63%	10	3.01%	2	0.60%	7	2.11%	19	5.72%
<b>Total CalHFA</b>	<b>11,850</b>	<b>\$ 1,608,730,655</b>	<b>100.00%</b>	<b>434</b>	<b>3.66%</b>	<b>113</b>	<b>0.95%</b>	<b>255</b>	<b>2.15%</b>	<b>802</b>	<b>6.77%</b>
<i>Weighted average of conventional loans:</i>				176	2.97%	53	0.89%	119	2.01%	348	5.86%

\*All IOP loans were converted to fixed (amortizing) loans.

October 31, 2016

**Reconciled Loan Delinquency Summary  
All Active Loans By Servicer**

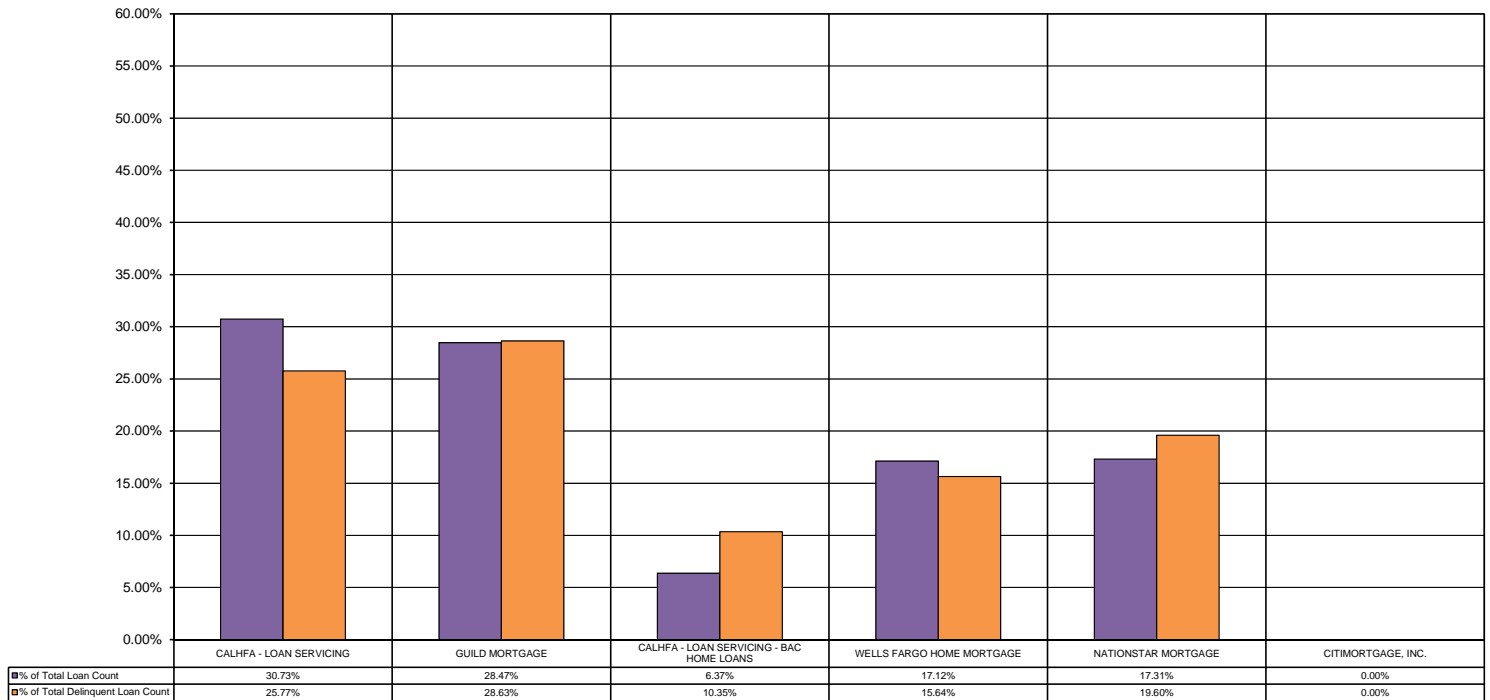
	Loan Count	Balance	% of Balance	DELINQUENCY RATIOS - % of Loan Count					Totals	
				Loan Count	30-Day	Loan Count	60-Day	Loan Count	90(+)-Day	Count %
CALHFA - LOAN SERVICING	5,166	\$ 873,314,210	54.29%	143	2.77%	50	0.97%	104	2.01%	297 5.75%
GUILD MORTGAGE	2,847	359,877,347	22.37%	127	4.46%	31	1.09%	52	1.83%	210 7.38%
WELLS FARGO HOME MORTGAGE	1,386	118,454,903	7.36%	51	3.68%	12	0.87%	31	2.24%	94 6.78%
NATIONSTAR MORTGAGE	1,241	89,779,402	5.58%	60	4.83%	8	0.64%	38	3.06%	106 8.54%
CALHFA - LOAN SERVICING - BAC HOME LOANS	1,186	163,060,373	10.14%	53	4.47%	11	0.93%	29	2.45%	93 7.84%
CITIMORTGAGE, INC.	24	4,244,421	0.26%	0	0.00%	1	4.17%	1	4.17%	2 8.33%
Total CalHFA	11,850	\$ 1,608,730,655	100.00%	434	3.66%	113	0.95%	255	2.15%	802 6.77%

**Reconciled Loan Delinquency Summary  
All Active Loans By County**

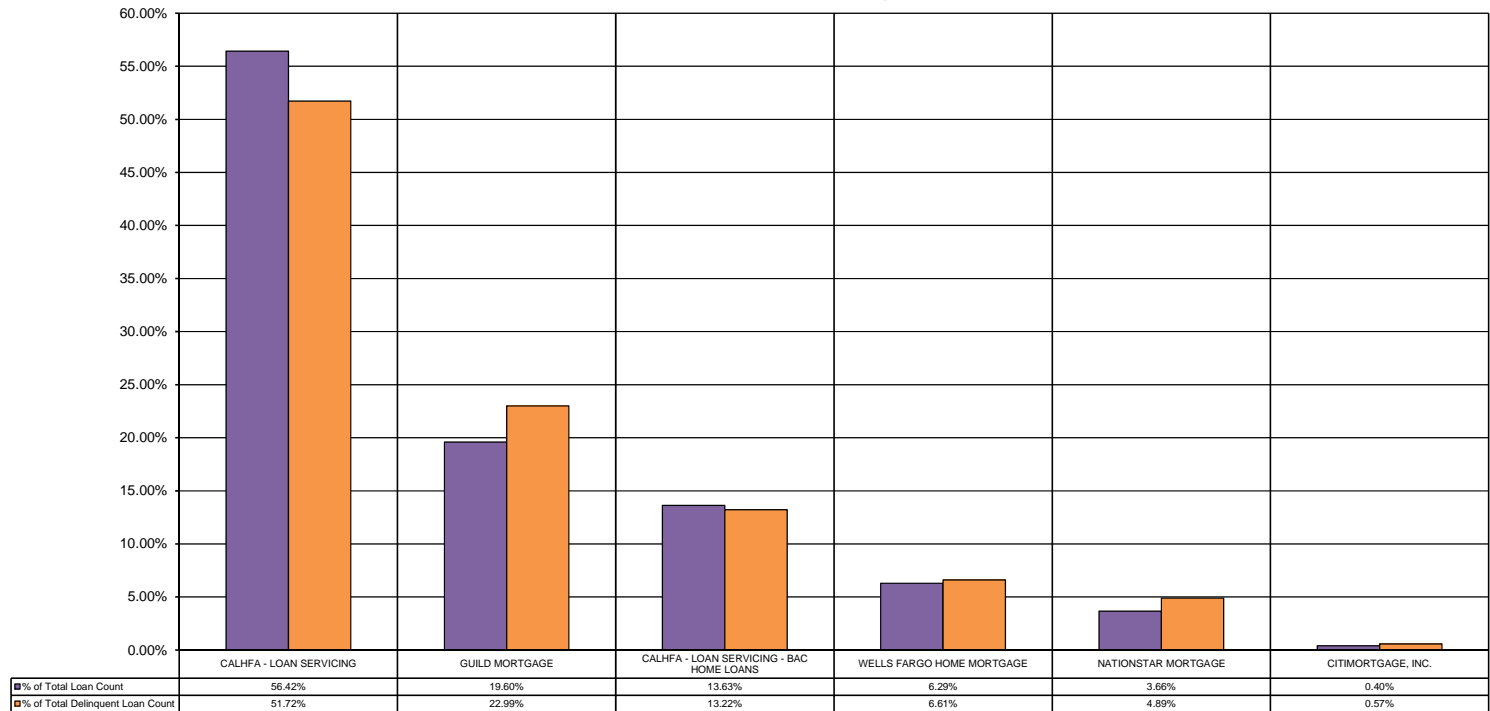
	Loan Count	Balance	% of Balance	DELINQUENCY RATIOS - % of Loan Count					Total	
				Loan Count	30-Day	Loan Count	60-Day	Loan Count	90-Day+	Count %
LOS ANGELES	1,936	\$ 331,050,468	20.58%	56	2.89%	13	0.67%	41	2.12%	110 5.68%
SAN DIEGO	883	153,314,863	9.53%	28	3.17%	8	0.91%	17	1.93%	53 6.00%
KERN	859	70,196,915	4.36%	46	5.36%	9	1.05%	11	1.28%	66 7.68%
FRESNO	789	55,656,399	3.46%	36	4.56%	6	0.76%	17	2.15%	59 7.48%
TULARE	755	52,476,462	3.26%	35	4.64%	6	0.79%	20	2.65%	61 8.08%
SANTA CLARA	616	122,480,139	7.61%	11	1.79%	6	0.97%	4	0.65%	21 3.41%
SAN BERNARDINO	528	70,678,937	4.39%	19	3.60%	5	0.95%	20	3.79%	44 8.33%
RIVERSIDE	520	64,047,988	3.98%	32	6.15%	8	1.54%	22	4.23%	62 11.92%
SACRAMENTO	498	72,436,260	4.50%	17	3.41%	5	1.00%	6	1.20%	28 5.62%
ALAMEDA	445	83,873,218	5.21%	10	2.25%	2	0.45%	5	1.12%	17 3.82%
ORANGE	436	76,319,677	4.74%	9	2.06%	3	0.69%	7	1.61%	19 4.36%
CONTRA COSTA	377	67,806,415	4.21%	11	2.92%	9	2.39%	11	2.92%	31 8.22%
IMPERIAL	372	30,161,060	1.87%	24	6.45%	5	1.34%	8	2.15%	37 9.95%
BUTTE	275	24,632,938	1.53%	10	3.64%	1	0.36%	4	1.45%	15 5.45%
SONOMA	261	43,866,722	2.73%	9	3.45%	0	0.00%	2	0.77%	11 4.21%
OTHER COUNTIES	2,300	289,732,195	18.01%	81	3.52%	27	1.17%	60	2.61%	168 7.30%
Total CalHFA	11,850	\$ 1,608,730,655	100.00%	434	3.66%	113	0.95%	255	2.15%	802 6.77%



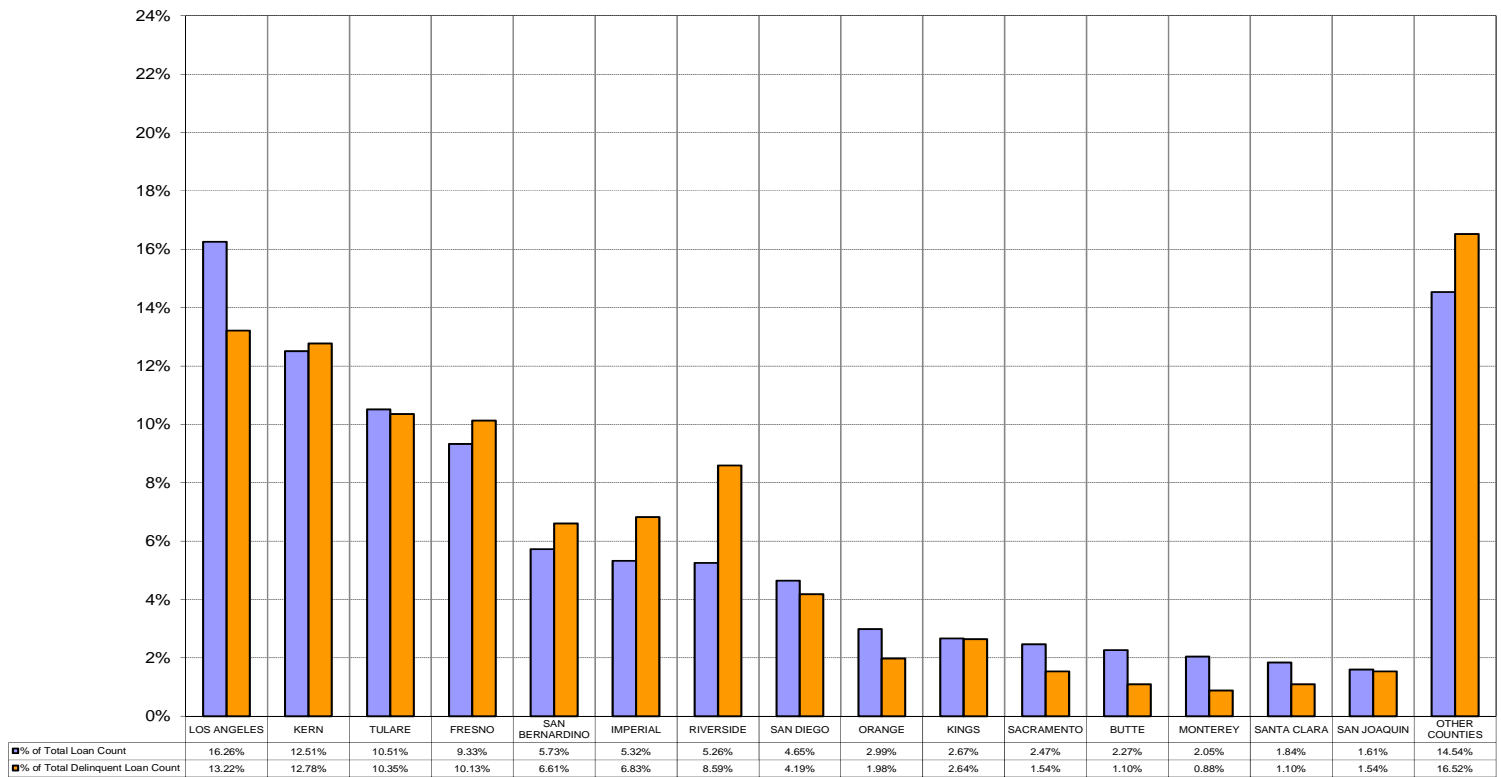
**CalHFA FHA Loan Portfolio Performance Comparison by Servicer**  
 (% of Total Loan Count vs. % of Total Delinquent Loan Count)  
 as of October 31, 2016



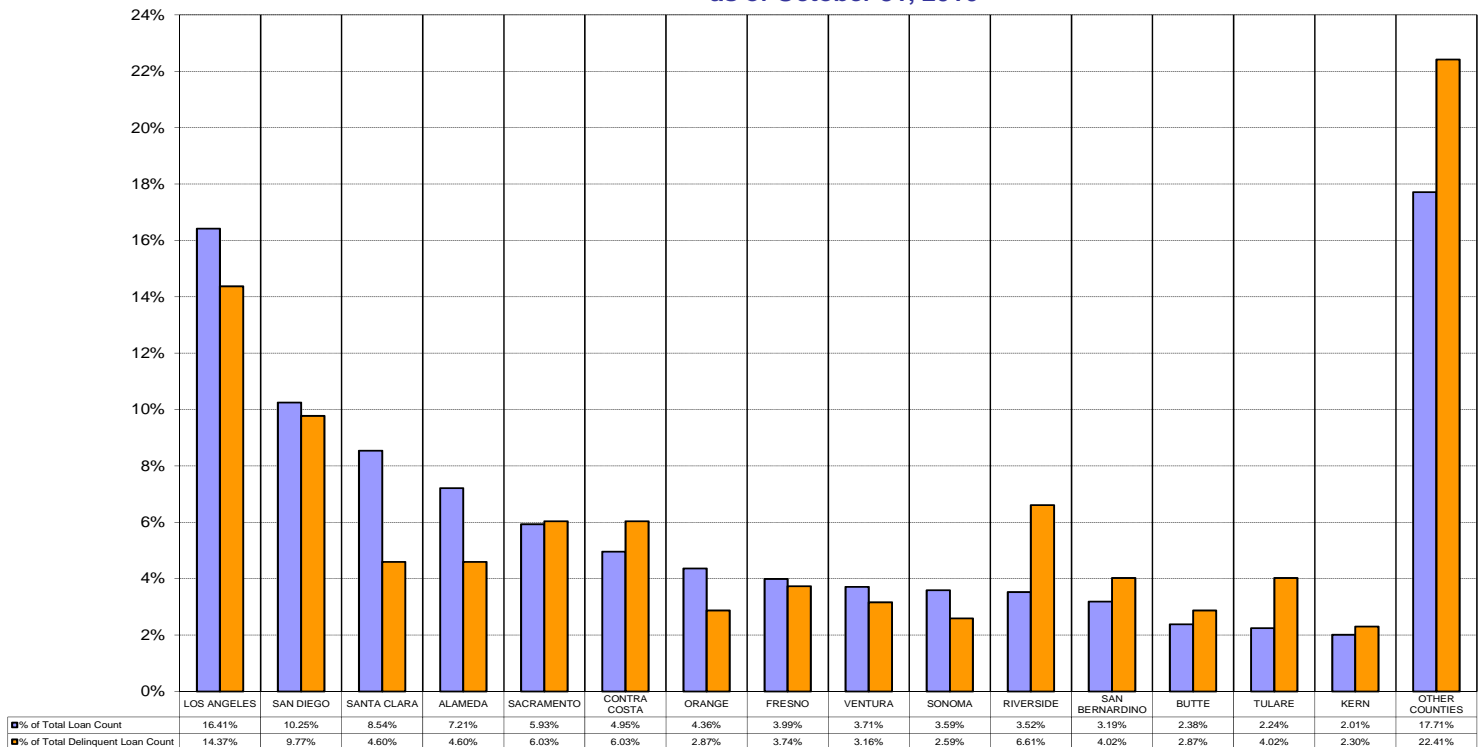
**CalHFA Conventional Loan Portfolio Performance Comparison by Servicer**  
 (% of Total Loan Count vs. % of Total Delinquent Loan Count)  
 as of October 31, 2016



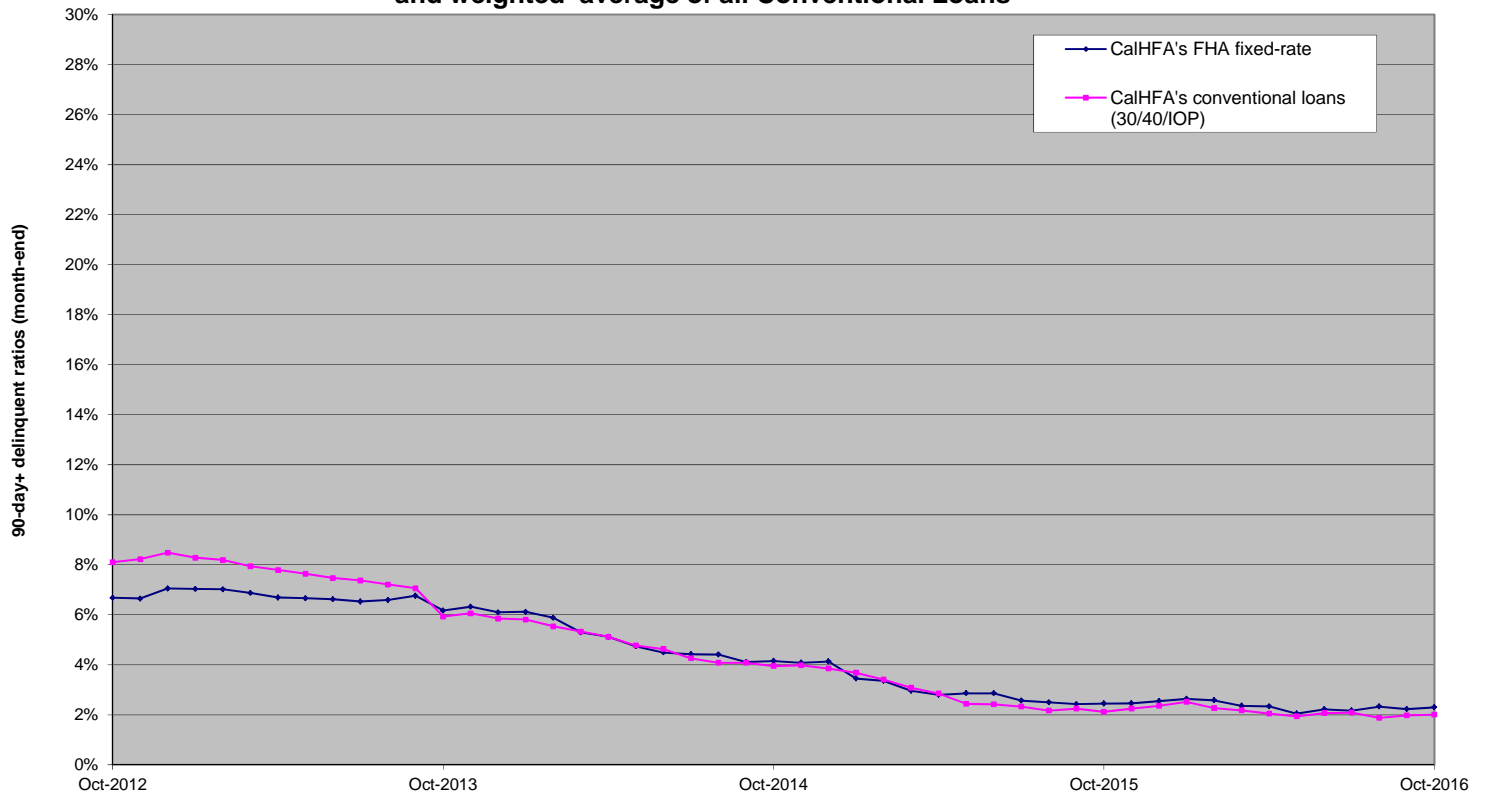
**CalHFA FHA Loan Portfolio Performance Comparison by County  
(% of Total Loan Count vs. % of Total Delinquent Loan Count)  
as of October 31, 2016**



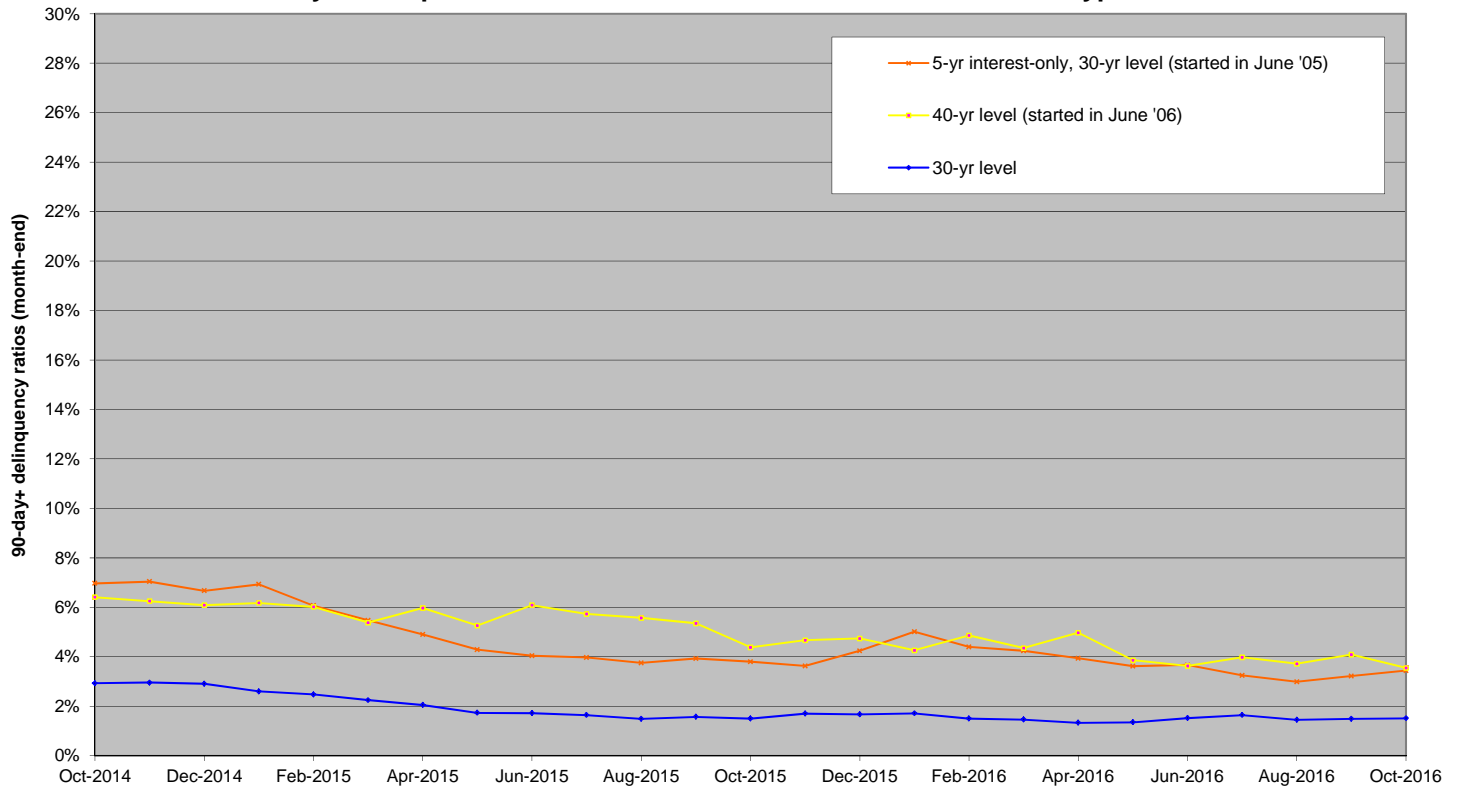
**CalHFA Conventional Loan Portfolio Performance Comparison by County  
(% of Total Loan Count vs. % of Total Delinquent Loan Count)  
as of October 31, 2016**



### 90 day+ delinquent ratios for CalHFA's FHA and weighted average of all Conventional Loans



### 90 day+ delinquent ratios for CalHFA's Three Conventional Loan Types

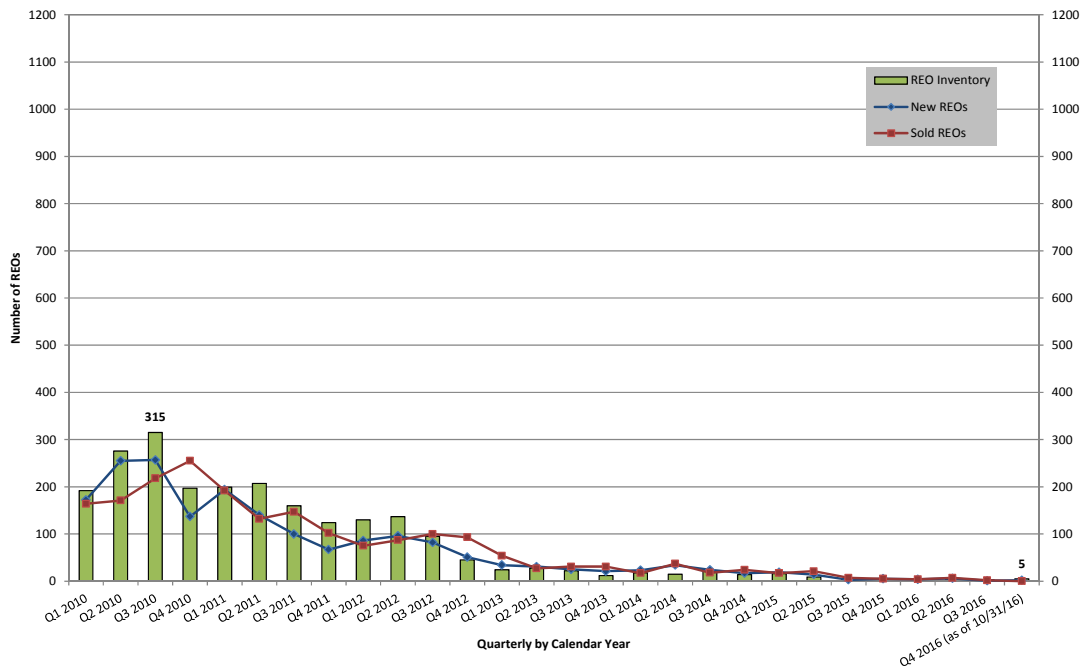


### Real Estate Owned

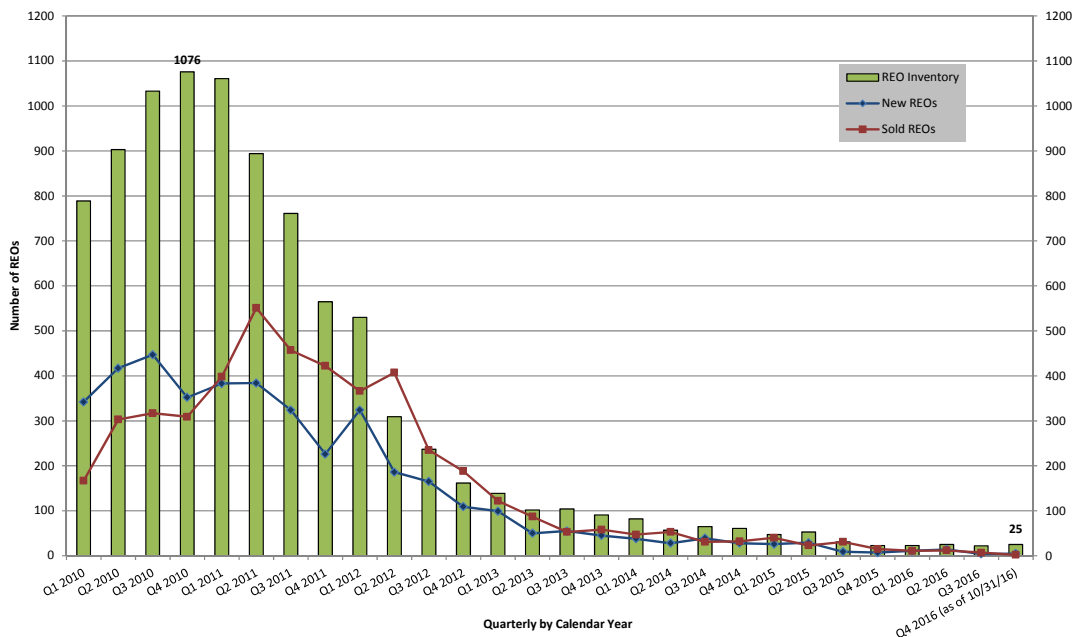
Calendar Year 2016 (As of October 31, 2016)												
Loan Type	Beginning Balance # of Loans	Prior Calendar Adj.	*Trustee Sales			Disposition of REO(s)					Ending Balance # of Loans	UPB of REO's Owned
			Reverted to CalHFA Jan-Sept	Reverted to CalHFA October	Total Trustee Sales	Repurchased by Lender Jan-Sept	Market Sale(s) Jan-Sept	Repurchased by Lender October	Market Sale(s) October	Total Disposition of REO(s)		
FHA/RHS/VA	4	0	11	2	13	12				12	5	\$ 850,813
Conventional	24	0	29	5	34		31		2	33	25	5,158,089
<b>Total</b>	<b>28</b>	<b>0</b>	<b>40</b>	<b>7</b>	<b>47</b>	<b>12</b>	<b>31</b>	<b>0</b>	<b>2</b>	<b>45</b>	<b>30</b>	<b>\$ 6,008,902</b>

\*3rd party trustee sales are not shown in this table (title to these loans were never transferred to CalHFA). There were eight (8) 3rd party sales in calendar year 2008, eighteen (18) 3rd party sales in calendar year 2009, thirty nine (39) 3rd party sales in calendar year 2010, twenty two (22) 3rd party sales in calendar year 2011, forty one (41) 3rd party sales in calendar year 2012, fifty nine (59) 3rd party sales in calendar year 2013, forty three (43) 3rd party sales in calendar year 2014, twenty-four (24) 3rd party sales in calendar 2015, and there are fifteen (15) 3rd party sales to date 2016.

### FHA REO Inventory



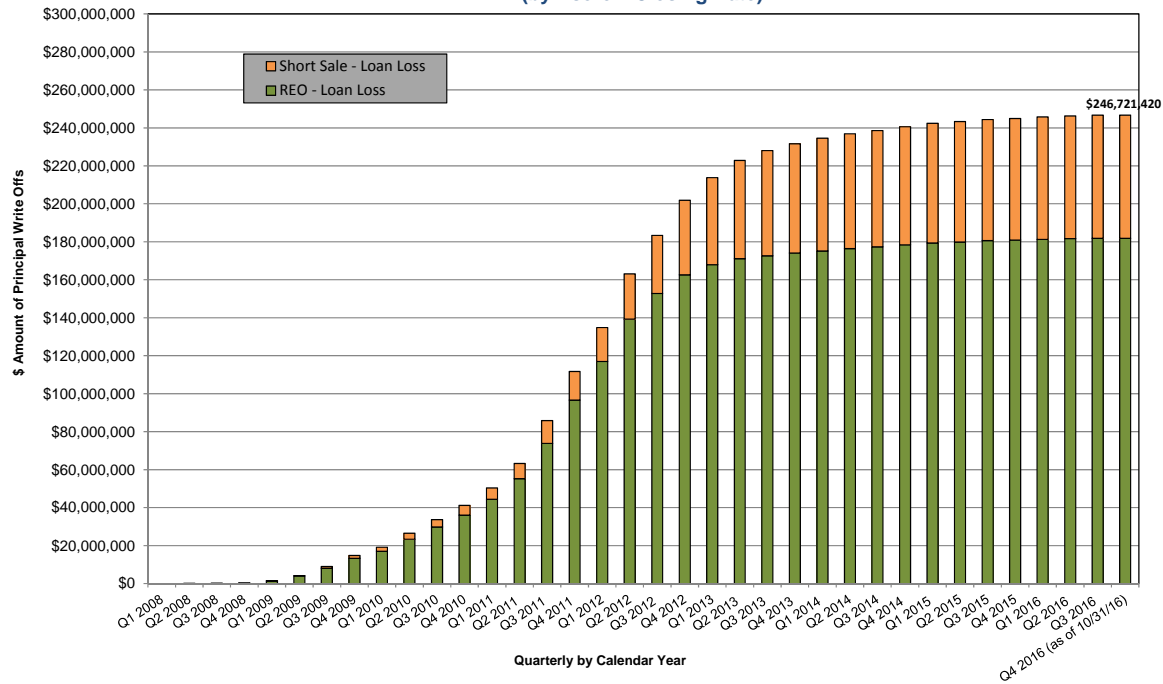
### Conventional REO Inventory



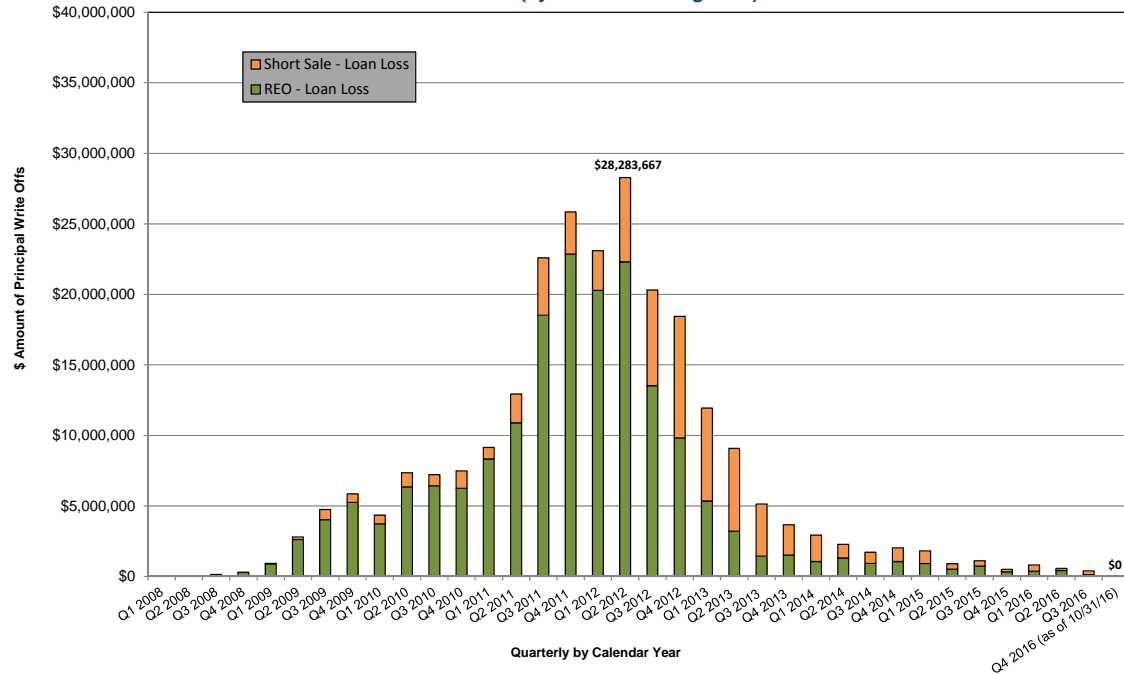
2016 Year to Date Composition of 1st Trust Deed Loss  
(As of October 31, 2016)

Loan Type	Disposition				Principal Write-Offs
	Repurchased by Lender	Market Sales	Short Sales	Loan Balance at Sales	
FHA/RHS/VA	12		3	\$ 2,312,333	
Conventional		33	28	13,937,076	\$ (1,796,128)
	12	33	31	\$ 16,249,409	\$ (1,796,128)

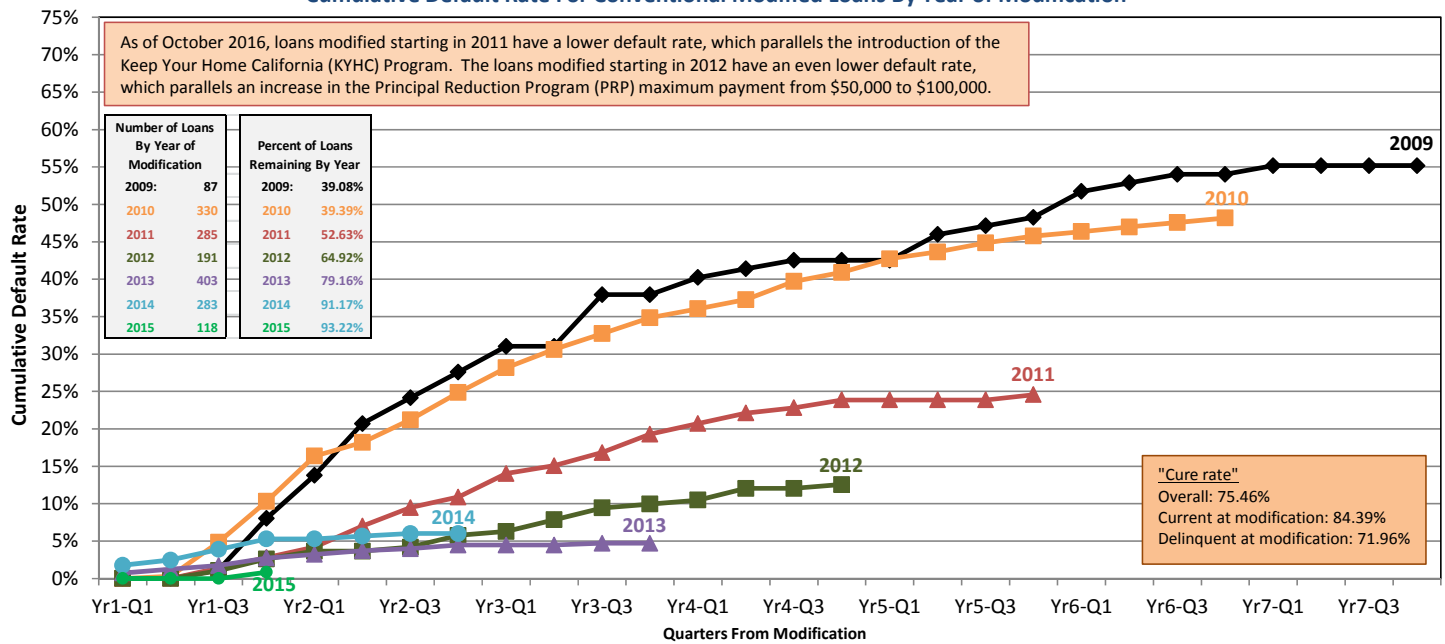
Accumulated Uninsured Loss from Sale of Conventional REOs & Short Sales  
(by Escrow Closing Date)



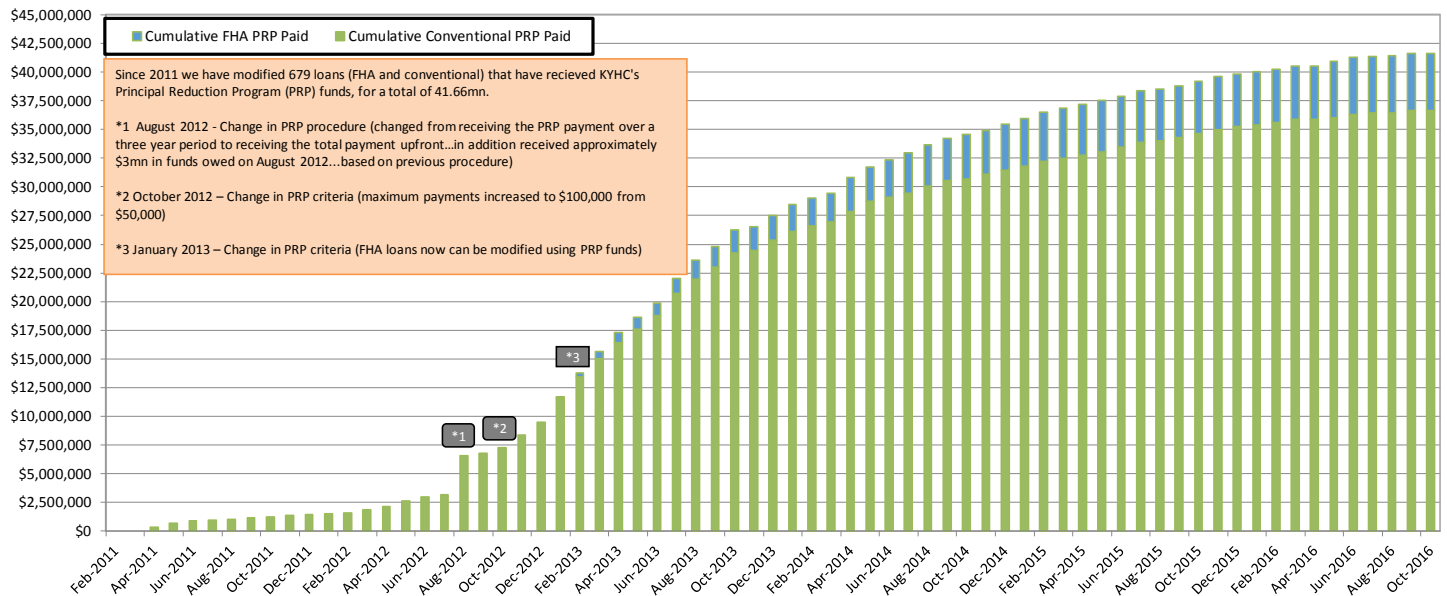
Comparison of Quarterly Uninsured Loss from Sale of Conventional REOs & Short Sales  
(by Escrow Closing Date)



### Cumulative Default Rate For Conventional Modified Loans By Year of Modification



### Cumulative Principal Reduction Payments (PRP) received from Keep Your Home California (KYHC)



State of California

**MEMORANDUM****To:** Board of Directors

Date: December 22, 2016


**From:** Timothy Hsu, Director of Financing  
**CALIFORNIA HOUSING FINANCE AGENCY**
**Subject:** UPDATE OF CONDUIT ISSUANCE PROGRAM

The CalHFA Conduit Issuer Program (Conduit Program) is designed to facilitate both for-profit and non-profit developers in accessing tax-exempt and taxable bonds for the financing of family and senior affordable and mixed-income housing developments. The goals of the program are to increase and preserve the supply of affordable rental housing, maintain a quality living environment, leverage private sector funds to the greatest extent possible, and to cooperate with local jurisdictions to advance affordable housing goals.

CalHFA made numerous program changes in March 2015 to be more competitive on fees and added a locality review process in place to address any of the locality concerns. In addition to generating fee income for the Agency, the Conduit Program is an entry point for developers, lenders, bond counsels, and financial advisors to become more familiar with all of CalHFA multifamily programs and resources.

Strategic Business Plan and Operating Budget for FY 15-16 estimated around \$100 million in new conduit issuance. Actual conduit issuance amount for FY 15-16 was **\$275,452,881** (1,217 rental units for seniors, families, and farm workers/families).

<i>Conduits Program - FY16-17:</i>						
	Project Name	City	Project Type	Units	Closing Date	Loan Amount
<i>(Closed)</i>						
1	Monte Vista Gardens Family Apts	San Jose	Family	144	7/26/2016	32,000,000
2	Gateway Station	Oxnard	Family	240	7/29/2016	87,790,231
3	Stoneman Apartments	Pittsburg	Family	230	8/29/2016	75,000,000
				614		\$ 194,790,231
<i>(In Process to Close)</i>						
4	St Marks Apartments	Oakland	Senior	102	1/25/2017	36,000,000
5	Newport Veterans Housing	Newport Beach	Fam/Sen	12	2/15/2017	3,440,000
6	Oak Creek Apartments	Oakley	Family	75	3/16/2017	17,885,000
				189		\$ 57,325,000
<i>March 15, 2017 CDLAC Meeting- CDLAC Due 1/13/17</i>						
7	Courson Arts Colony West	Palmdale	Family	84	4/20/2017	26,500,000
8	Woodstone	Lompoc	Family	204	4/15/2017	30,000,000
				288		\$ 56,500,000
<i>May 17, 2017 CDLAC Meeting- CDLAC Due 3/17/17</i>						
9	Verdes Del Oriente	San Pedro	Family	113	6/1/2017	33,000,000
				113		\$ 33,000,000
<i>(Application)</i>						
10	Riverside Street Apartments	Ventura	Family	23	5/15/2017	7,000,000
				23		\$ 7,000,000

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State of California

## MEMORANDUM

**To:** Board of Directors

**Date:** December 29, 2016



Tim Hsu, Director of Financing

**From:** CALIFORNIA HOUSING FINANCE AGENCY

**Subject:** ANNUAL INVESTMENT REPORT

In 2012 the Board adopted an investment policy and asked for a periodic investment report. Attached for your information is an investment report as of June 30, 2016, the end date for the most recent fiscal year. This report shows that CalHFA moneys continue to be invested in accordance with the Board-approved investment policy.

**INVESTMENT REPORT**  
**JUNE 30, 2016**

**SUMMARY**

As of June 30, 2016, CalHFA had \$1.5 billion of cash equivalents and investments (together “investments”).

The portfolio is still heavily concentrated in the State Investment Pool (79% of the total), which means the investment earnings are likely to remain very low. The State Investment Pool’s year-to-date yield at June 30, 2016 was 0.434%.

On June 30, 2016 the Agency issued \$236.35 million of refunding bonds under the Home Mortgage Revenue Bond Indenture (HMRB 2016 Series A), and the proceeds were deposited into SMIF. The proceeds were used to refund various HMRB 2006 Series Bonds, in July and August of 2016.

The persistence of lower interest rates is the key risk of the investment portfolio. Looking at the entire balance sheet, however, the interest rate risk on the investments is partially offset by the Agency’s unhedged variable rate bonds, which benefit from lower interest rates.

<b>Amount Invested</b> <b>(\$ in millions)</b>				
<b><u>Investment Type</u></b>	<b><u>Bond</u></b> <b><u>Indentures</u></b>	<b><u>CalHFA</u></b> <b><u>G-O</u></b>	<b><u>Admin</u></b>	<b><u>Total</u></b>
Investment Agreements	\$ 39.5	\$ 0.0	\$ 0.0	\$ 39.5
State Investment Pool	452.9	191.6	548.4	1,192.9
Securities (Fair market value)	231.2	16.0	0.0	247.2
U.S. Bank N.A. Open CP	17.8	0.0	0.0	17.8
Money Market and Bank Deposit	3.8	0.2	0.0	4.0
Totals	\$ 745.2	\$ 207.8	\$ 548.4	\$ 1,501.4

### **INVESTMENT AGREEMENTS**

As stated in the Investment Policy, we have always strived to invest bond moneys in investment agreements. Such agreements give us a high level of security of principal, a fixed rate of return to match the fixed cost of our debt, and complete liquidity so that we can use them like interest-bearing checking accounts and make deposits and withdrawals on short notice.

It is worth noting that the universe of investment agreement providers has diminished greatly due to credit rating downgrades and lower interest rates. The Agency will monitor this marketplace and attempt to acquire more eligible investment agreements as the opportunities arise.

<b>Investment Agreement Balances</b>					
(\$ in millions)					
	<b>Bond Proceeds (For Loan Purchases)</b>		<b>Reserve Funds</b>	<b>Debt Service Funds</b>	<b>Totals</b>
Single Family	\$	0.0	\$ 12.4	\$ 25.4	\$ 37.8
Multifamily		0.0	0.0	1.7	1.7
Totals	\$	0.0	\$ 12.4	\$ 27.1	\$ 39.5

The first two attachments show information about our \$39.5 million of deposits with financial institutions providing us with investment agreements. If the financial institution's credit ratings were to fall below a certain threshold level, we have the right to request collateralization or the return of our deposits. In recent years, the Agency has liquidated its position in investment agreements provided by DEPFA bank, AIG, MBIA, Aegon and certain Westdeutsche LB investment agreements. The liquidated proceeds were invested in the State Investment Pool

### **STATE INVESTMENT POOL (SURPLUS MONEY INVESTMENT FUND "SMIF")**

As shown in the table on page 2, we have \$1.2 billion invested in the State Investment Pool, also referred to as Surplus Money Investment Fund ("SMIF"), which, over time, has given us security, a relatively competitive return (relative to similar investment vehicles such as Money Market Funds), complete liquidity, and administrative simplicity.

As stated in the Investment Policy, we invest most of the non-bond indenture moneys (funds invested under our Housing Assistance Trust, Contract Administration Programs, money received from HUD for the Section 8 projects, servicing impound account moneys, funds held in the Agency's operating account and general reserves of the Agency), in the SMIF. In recent

years the Agency has been investing an increasing amount of bond moneys in the State Investment Pool.

The State's treasury operations are managed in compliance with the California government code and according to a statement of investment policy which sets forth permitted investment vehicles, liquidity parameters and maximum maturity of investments. The Pooled Money Investment Account (PMIA) operates with the oversight of the Pooled Money Investment Board (consisting of the State Treasurer, the State Controller and Director of Finance).

### **SECURITIES**

The third attachment provides additional information about the \$247.2 million (fair market value) of securities held by the Agency, which are Fannie Mae and Ginnie Mae securities backed by loans originated for our single family and multifamily programs.

### **U.S. BANK N.A. COMMERCIAL PAPER**

The Agency invests funds under the Residential Mortgage Revenue Bond and the Affordable Multifamily Housing Revenue Bond indentures in U.S. Bank Open Commercial Paper (CP). On these transactions, U.S. Bank also serves as the bond trustee. The Open CP agreements are unsecured promissory notes issued by U.S. Bank National Association and are not insured by Federal Deposit Insurance Corporation ("FDIC") or guaranteed by any governmental agency or authority, or by U.S. Bank N.A. The Open CP has a short term rating of A1+/P1 and a long term rating of AA- . At June 30, 2016, the amount deposited in CP was \$17.8 million.

### **MONEY MARKET AND BANK DEPOSITS**

Occasionally the Agency will have on deposit, with our bond trustee, bond (indenture) funds which the bond trustee sweeps, nightly, into a U.S. Treasury money market fund. At June 30, 2016, the amount deposited in the MMF was \$4.0 million.

Attachments (3)

## Attachment #1

SUMMARY OF CALIFORNIA HOUSING FINANCE AGENCY FUNDS DEPOSITED IN INVESTMENT AGREEMENTS - June 30, 2016				
INVESTMENT AGREEMENT PROVIDER	COUNTRY	MOODY'S RATING	STANDARD & POOR'S RATING	AMOUNT INVESTED
Societe Generale	France	A2	A	\$ 19,762,962
Transamerica Life Insurance Company	Netherlands	A1	AA-	16,518,910
Rabobank Int.	Netherlands	Aa2	A+	2,485,891
Massachusetts Mutual Life In	US	Aa2	AA+	799,104
Total Funds Invested in Investment Agreements				\$ 39,566,867
Foreign Sovereign Ratings				
France		Aa2	AA	\$ 19,762,962
Netherlands		Aaa	AAA	19,004,801
U.S. Sovereign Rating		Aaa	AA+	799,104
				\$ 39,566,867

## Attachment #2

<b>California Housing Finance Agency</b> <b>Funds Invested in Investment Agreements</b> <b>June 30, 2016</b> <b>Totals by Financial Institution Ratings</b>		
<b>Moody's Ratings</b>	<b>Amount Invested</b>	<b>Percentage of Total Invested</b>
Aa2	\$ 3,284,995	8.30%
A1	16,518,910	41.75%
A2	19,762,962	49.95%
Total	<u>\$ 39,566,867</u>	<u>100.00%</u>
<b>S &amp; P Ratings</b>		
A+	\$ 2,485,891	6.28%
AA+	799,104	2.02%
AA-	16,518,910	41.75%
A	19,762,962	49.95%
Total	<u>\$ 39,566,867</u>	<u>100.00%</u>

## Attachment #3

Summary of CalHFA Investments in Securities As of June 30, 2016								
By Type of Security								
Type of Investment	Par Value Program Account	Par Value Reserve Account	Par Value Unencumbered Assets	Total Par Value	Book Value	Market Value	Weighted Average Coupon	Weighted Average Remaining Maturity
GNMA Securities	\$ 103,618,301	\$ 3,157,448	\$ 2,752,888	\$ 109,528,638	\$ 109,528,638	\$ 117,307,632	3.77%	24.64 Years
FNMA Securities	66,098,357	39,025,641	11,864,818	116,988,815	116,988,815	129,875,434	2.89%	15.98 Years
Totals	<u>\$ 169,716,658</u>	<u>\$ 42,183,089</u>	<u>\$ 14,617,706</u>	<u>\$ 226,517,453</u>	<u>\$ 226,517,453</u>	<u>\$ 247,183,066</u>		


Summary of CalHFA Investments in Securities As of June 30, 2016						
By Indenture or Account						
Indenture or Account Description	Par Value Program Account Assets	Par Value Reserve Account Assets	Par Value Unencumbered Assets	Total Par Value	Market Value	
Home Mortgage Revenue Bonds	\$ 13,280,053	\$ 37,894,347		\$ 51,174,400	\$ 53,886,508	
Residential Mortgage Revenue Bonds	101,534,627	4,288,742		105,823,368	113,367,875	
Multifamily Housing Revenue Bonds III	19,244,910			19,244,910	23,935,662	
Affordable Multifamily Housing Rev. Bonds	35,657,069			35,657,069	39,997,451	
Housing Assistance Trust			\$ 14,617,706	14,617,706	15,995,571	
Totals	<u>\$ 169,716,658</u>	<u>\$ 42,183,089</u>	<u>\$ 14,617,706</u>	<u>\$ 226,517,453</u>	<u>\$ 247,183,066</u>	

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## M E M O R A N D U M

To: CalHFA Board of Directors Date: January 3, 2017

From: Di Richardson, Director of Legislation   
CALIFORNIA HOUSING FINANCE AGENCY

Subject: Legislative Report

This report will be short this month, but only because the session is just starting. Affordable housing is once again getting a lot of attention in the Legislature, and I expect to see a significant number of new bills introduced in the coming weeks. A number of members of the Assembly held a press conference in mid-December to announce their intent to introduce a number of bills to address the affordable housing crisis. This effort has been labeled "Bring California Home," and includes four bills (AB 71-74). There have also been a number of coalition meetings over the interim to form core principals in the hopes of driving discussion on these issues. I expect the next report to be much more "robust" in terms of pending legislation. As always, if you have any questions, please contact me at (916)326-8082 or Amanda Brown at (916)326-8085.

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### AHSC Program

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**AB 1** **(Frazier D) Transportation funding.**

Status: 12/6/2016-From printer. May be heard in committee January 5.

Location: 12/5/2016-A. PRINT

Summary: Would create the Road Maintenance and Rehabilitation Program to address deferred maintenance on the state highway system and the local street and road system. The bill would require the California Transportation Commission to adopt performance criteria, consistent with a specified asset management plan, to ensure efficient use of certain funds available for the program. The bill would provide for the deposit of various funds for the program in the Road Maintenance and Rehabilitation Account, which the bill would create in the State Transportation Fund.

Notes: As introduced, twenty percent of the annual proceeds of the newly created Transportation Debt Service Fund would be continuously appropriated to the **Strategic Growth Council** for the Affordable Housing and Sustainable Communities Program. No less than 10 percent of the annual proceeds could be expended for affordable housing, consistent with the provisions of the AHSC Program.

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### Affordable Housing

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**AB 56** **(Holden D) Affordable housing: San Gabriel Valley: San Bernardino-Riverside metropolitan**

**area.**

Status: 12/7/2016-From printer. May be heard in committee January 6.

Location: 12/6/2016-A. PRINT

Summary: Under current law, there are programs providing assistance for, among other things, emergency housing, multifamily housing, farmworker housing, homeownership for very low and low-income households, and downpayment assistance for first-time home buyers. This bill would state the intent of the Legislature to enact legislation that would provide for the redevelopment of impoverished areas in the San Gabriel Valley and the San Bernardino-Riverside metropolitan area, by creating affordable housing opportunities, and establish a novel source of revenue to offset the costs of this program.

**AB 74****(Chiu D) Housing.**

Status: 12/19/2016-From printer. May be heard in committee January 18.

Location: 12/16/2016-A. PRINT

Summary: Would require **Department of Housing and Community Development** to, on or before October 1, 2018, establish the Housing for a Healthy California Program and on or before April 1, 2019, and every year thereafter, subject to on appropriation by the Legislature, award grants on a competitive basis to eligible grant applicants based on guidelines that HCD would draft, as prescribed, and other requirements. The bill would provide that an applicant is eligible for a grant under the program if the applicant meets specified requirements.

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## Housing Element

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**AB 72****(Santiago D) Attorney General: enforcement: housing laws.**

Status: 12/19/2016-From printer. May be heard in committee January 18.

Location: 12/16/2016-A. PRINT

Summary: Current law provides that the Attorney General has charge of all legal matters in which the state is interested, except as specified. This bill would appropriate an unspecified amount of money from the General Fund to the Attorney General to fund the Attorney General's duties in enforcing specified laws relating to housing. The bill would require the Attorney General to report to the Assembly Committee on Housing and Community Development and the Senate Committee on Transportation and Housing on or before December 31, 2018, and each year thereafter on the expenditure of the funds.

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## Land Use Planning

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**AB 30****(Caballero D) Planning and zoning: specific plan: housing.**

Status: 12/6/2016-From printer. May be heard in committee January 5.

Location: 12/5/2016-A. PRINT

Summary: Would authorize a legislative body of a city or county to identify an area of underperforming infill and direct the planning agency to prepare a specific plan, in accordance with specified described provisions and specified additional procedures, to provide for immediate development within that area. The bill would require the specific plan make certain findings relating to the need for affordable housing and to designate the specific plan area as an overlay zone in which development is permitted by right. The bill would require the legislative body conduct at least one public hearing before approving a specific plan pursuant to these provisions to provide for community participation.

**AB 73 (Chiu D) Planning and zoning: housing sustainability districts.**

Status: 12/19/2016-From printer. May be heard in committee January 18.

Location: 12/16/2016-A. PRINT

Summary: Would authorize a city, county, or city and county, including a charter city, charter county, or charter city and county, to establish by ordinance a housing sustainability district that meets specified requirements, including authorizing residential use within the district through the ministerial issuance of a permit. The bill would authorize the city, county, or city and county to apply to the Office of Planning and Research for approval for a zoning incentive payment and require the city, county, or city and county to provide specified information about the proposed housing sustainability district ordinance.

**SB 35 (Wiener D) Planning and Zoning: affordable housing: streamline.**

Status: 12/6/2016-From printer. May be acted upon on or after January 5.

Location: 12/5/2016-S. RLS.

Summary: Would state the intent of the Legislature to enact legislation to streamline, incentivize, and remove local barriers to housing creation, as specified.

Notes: As introduced, currently an intent bill for the Legislature to enact legislation to (1) streamline and incentivize the creation of affordable housing projects, (2) remove local barriers to creating affordable housing, (3) streamline, incentivize and remove barriers to housing in jurisdictions that do not meet their regional housing needs, and (4) to ensure the payment of prevailing wages in the creation of this housing.

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## Tax Credits

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**AB 71 (Chiu D) Taxes: credits: low-income housing: allocation increase.**

Status: 12/19/2016-From printer. May be heard in committee January 18.

Location: 12/16/2016-A. PRINT

Summary: Would, under the Insurance Taxation Law, the Personal Income Tax Law, and the Corporation Tax Law, for calendar years beginning 2018, increase the aggregate housing credit dollar amount that may be allocated among low-income housing projects to \$300,000,000, as specified, and would allocate to farmworker housing projects \$500,000 per year of that amount. The bill, under the insurance taxation law, the Personal Income Tax Law, and the Corporation Tax Law, would modify the definition of applicable percentage relating to qualified low-income buildings that meet specified criteria.

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## Teacher Housing

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**AB 45 (Thurmond D) California School Employee Housing Assistance Grant Program.**

Status: 12/6/2016-From printer. May be heard in committee January 5.

Location: 12/5/2016-A. PRINT

Summary: Would require the **California Housing Finance Agency** to administer a program to provide financing assistance, as specified, to a qualified school district, as defined, and to a qualified developer, as defined, for the creation of affordable rental housing for school employees, including teachers. The bill would require the State Department of Education to certify that a school district seeking a grant meets the definition of qualified school district.

Notes: This bill is substantially similar to the author's bill, AB 2200, in 2016. AB 2200 died on

suspense. Some examples of the differences in AB 45 are: (1) bill no longer specifies funds are continuously appropriated; (2) funding for predevelopment grants to school districts and developers shall not exceed 20% of amount appropriated to the agency (up from 5%); (3) more specificity on what constitutes a "qualified school district."